



EUROPEAN NEWS

EUROPEAN PARLIAMENT IN STRASBOURG

Confrontation looms on the budget

BY ELINOR GOODMAN



Mr. David Curry... CAP Community cancer

EUROPEAN MPs will today vote on a motion to halve Parliament's rent provision...

It recommends that 280m units of account be switched from the dairy sector into reserve funds. To the disappointment of Mr. Dankert, he was unable to gain the necessary majority...

French air controllers step up disruption

By David White in Paris

INTERNATIONAL flights out of France were halted for much of yesterday, as were many domestic services...

Compulsory profit-sharing in new Danish package

BY HILARY BARNES IN COPENHAGEN

COMPULSORY profit sharing, higher corporate income tax, increased wealth tax...

The scheme involves the transfer of 10 per cent of after-tax profits to an investment fund controlled by the trade unions...

Hua hails successful Europe tour

BY RUPERT CORNWELL IN ROME

CHAIRMAN Hua Guofeng left Italy for home last night after declaring his visit to Western Europe "a complete success."

broad convergence of views. He said the visit had been aimed at increasing mutual understanding...

Rumours surround Giscard

By Robert Mauthner in Paris

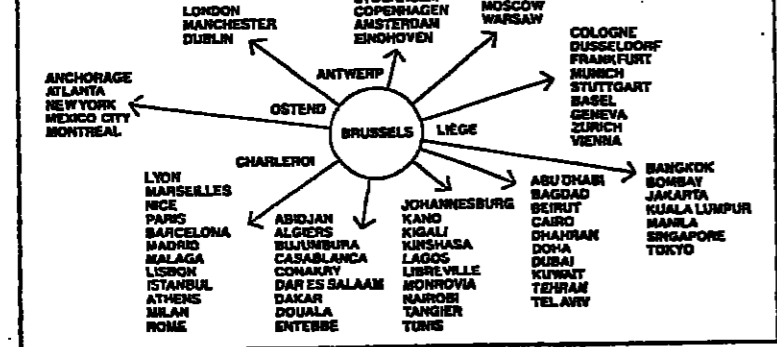
A SPATE of wild speculation has been provoked by President Giscard d'Estaing's decision to retire to his family residence at Chanteloup...



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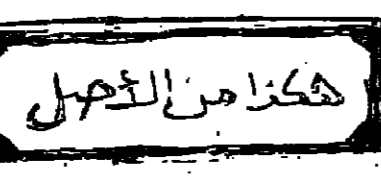
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Vertical text on the right margin including '50 y han', 'Hyster's exp', 'no-nonsense', 'you're looking', 'lower mate', 'or safety', and 'and plan'.

# Irish concern over mounting trade problems

BY STEWART DALBY IN DUBLIN

THE IRISH punt's climb above parity with sterling, which has taken place since last week, could in the long run help Ireland's balance of trade, providing it remains at a premium. However, trade figures for the first eight months of this year show that the country is suffering serious balance of payments problems.

These figures, moreover, do not reflect the fluctuations of sterling and the dollar for the four months April to August, during which time the punt depreciated against the British pound. At one stage, the punt went down to 80p, because of the strength of sterling. This followed Ireland's membership of the European Monetary system which Britain has not joined.

Officials at the Export Board fear that the currency fluctua-

tions over this four month period could give a further boost to the value of imports, when prices work their way through. Also, the effect on exports of a weak punt against sterling has yet to emerge. Despite diversification, 46.2 per cent of Ireland's exports still go to Britain.

Higher oil costs have still to work their way into the figures fully, and Ireland imports over 80 per cent of its energy needs, 75 per cent of oil.

As it is, the trade gap for the eight months ended in August was Ir£984m. Imports, at Ir£3.17bn, were 31 per cent higher than for the comparable period in 1978, while exports at Ir£2.19bn were 17.5 per cent to the good. The trade deficit was 72 per cent higher than the same period in 1978.

The Export Board claims to be reasonably happy with export

performance. One official pointed out that in value terms, Ireland would probably top the EEC table for another year, although Italy might pip it at the post. Exports were poor for the first three months of the year because of exceptionally bad weather and the lorry drivers strike in Britain.

The overall figure has also been held back by sluggish exports of beef. Sales of live cattle abroad dropped by 26.9 per cent from Ir£100.5m to Ir£80.5m. Food, drink and tobacco were only 11.8 per cent better. This category includes processed beef.

Beef exports—one of the two main agricultural exports—were bad because farmers rushed to sell as much as possible thanks to relatively better prices under the common agricultural policy.

The Export Board was heartened that the biggest

deficit by the end of the year is in prospect. Ireland habitually runs a trade deficit which it usually covers by invisible earnings and capital inflows. For example, in 1978 the balance of payments deficit on current account was Ir£156m and this was covered by capital inflows for foreign investment.

This year, tourism earnings, the main invisible earner, will probably be down on last year's Ir£400m, and it seems unlikely that the trade deficit will be covered on current trends. The Government, therefore, faces the prospect of running down reserves which were Ir£933.6m at the end of September, compared with Ir£1.25bn at the end of December 1978.

Alternatively, it could borrow in foreign currencies to cover the deficit, or it could try to defuse domestic demand,

caused by a heated coin applied to the least sensitive part of the thigh after detention. Sr. Mellia said the torture claims were merely efforts to discredit the police.

However, his statement is regarded as clumsy in the Basque country. Because Sr. Bandres supported the autonomy statute, Euzkadioko Ezkerra, which acts as a political front for the political-military wing of ETA, was largely responsible for persuading the latter to support the statute—causing in the process a clear split within ETA.

Another ETA suspect, Sr. Izaskun Arrazola, arrested at the same time, was held for the maximum 10 days permitted under anti-terrorist legislation before being released. She also complained of torture.

The Government's official spokesman, Sr. Josep Mellia has dismissed these allegations, maintaining that the injuries suffered by Sr. Amilibia were

# Demirel closer to majority

ANKARA—Mr. Suleyman Demirel, Turkey's Premier-Designate, yesterday expressed his belief that he now has enough parliamentary support to form a new Government which could win a vote of confidence in the country's 450-seat assembly.

Mr. Demirel was named to form a new government 10 days ago, following the resignation of Mr. Bulent Ecevit's 21-month-old Cabinet. Mr. Ecevit resigned as Prime Minister after his Republican People's Party suffered massive losses in mid-term elections.

Mr. Demirel's centrist Justice Party emerged victorious from the poll, winning 47 per cent of the votes. But the elections did not greatly change the line-up in the assembly, where no single party commands a majority.

Mr. Demirel's party has only 185 assembly seats, 41 short of a majority and 13 less than Mr. Ecevit's party. Yesterday he said he already had 205 sure votes, with the officially declared support of the ultra-rightist National Movement Party and splinter groups.

Mr. Demirel has yet to meet Mr. Necmettin Erbakan, the leader of the Moslem fundamentalist National Salvation Party. AP-DJ

# Security forces accused of Basque torture

BY ROBERT GRAHAM IN MADRID

A POTENTIALLY damaging controversy has erupted over claims that members of the security forces in the Basque country have tortured suspected members of ETA, the militant separatist group.

The charges have been made by Sr. Juan Maria Bandres, an MP and leader of Euzkadioko Ezkerra, the Left-wing Basque party.

The Government has dismissed them as fabrications aimed at discrediting the security forces. However, the allegations and the way in which

whom he claimed that he had been tortured. He was subsequently released and complained that police had used electrodes on his thigh.

In the wake of the referendum endorsing Basque autonomy, this polemic threatens to embitter feelings just when there were signs that passions were beginning to cool.

Sr. Bandres claims that a Sr. Mikel Amilibia was detained by the Guardia Civil on October 14 and, after being held incommunicado in San Sebastian for six days, was taken before an examining magistrate, to

# Small rise in W. German jobless

BY ROGER BOYES IN BONN

THE NUMBER of unemployed in West Germany rose slightly last month compared to September, but the figure is still the lowest for five years.

Booned by the general upturn in the economy, the unemployment rate is well below the 4 per cent mark. For the first time this year, the average number of jobless has also dropped below 900,000.

According to the Federal Statistics Office, the number of unemployed rose by 24,900 in October to 761,000. This represents a 3.3 per cent unemployment rate compared to 4.2 per cent in September. The

January-October unemployment average is 890,000. The rise, in the opinion of the Statistics Office, reflects normal seasonal factors—the gradual laying off, for example, of construction workers before the winter.

Seasonal factors have also influenced the number of workers on short-time which has increased by 33,900 to 60,500. This is still relatively low, thanks to a pick-up in such areas as the steel industry. The number of vacant positions fell by 4.2 per cent from September, to 306,800. The figures will give the Government a little more room

for manoeuvre in the wage round this winter. Union leaders have already said they will be pressing for large claims in order to compensate for higher oil prices and to benefit from the higher productivity in most sectors.

Employers and Government officials, however, have warned that large wage claims would result in drastic cutbacks in investment programmes, which in turn would lead to increased unemployment. A low, stable unemployment rate can thus be used by the Government to demonstrate the benefits of moderate wage increases.

# Backing in Netherlands for NATO missiles

By Charles Batchelor in Amsterdam

AN INDEPENDENT group of advisers of the Dutch Minister of Defence has come out in favour of the modernisation of NATO's theatre nuclear forces in Europe. In its report, presented on the eve of a two-day debate on NATO issues in Parliament, the Advisory Council for Defence Matters has urged a decision in favour of the production and limited deployment of new nuclear warheads.

If negotiations with the Soviet Union on a reduction of Warsaw Pact forces in Europe do not produce the desired results, then more of the Pershing 2 and Cruise missiles could be stationed in Europe, says the report, which was signed by a majority of the 15-member council.

A minority report, signed by three members, called for NATO to do no more than decide in principle to deploy new missiles in Europe.

The council is composed of former MPs, academics, union leaders and economists from a wide range of the political spectrum and can call on a number of military advisers. Its report goes further towards accepting the modernisation of NATO's nuclear weapons than did the leading government party, the Christian Democrats, when it formulated its position last week.

The Christian Democrats are willing to accept the production of the missiles but want a decision on deployment put off until talks have been held with the Soviet Union.

The Netherlands is seen as the weak link in the NATO chain by many observers in the West. The largest party in Parliament, the opposition Labour group, is opposed to modernisation, while the Christian Democrats are split.

Stressing the opposition by a large number of Christian Democrat MPs to the modernisation plan, Mr. Ruud Lubbers, the party's parliamentary leader, warned that the NATO proposals go too far. The detailed plans put forward by NATO would bind its member countries for many years, he said.

While Mr. Lubbers represents a large faction of the party, most of the Ministers in the Christian Democrat-Liberal Cabinet are believed to be in favour of modernisation.

# APPLAUSE FOR THE VICTOR



Mr. Masayoshi Ohira, Japan's Prime Minister, bows to Parliament after winning re-election to office. Mr. Ohira defeated his arch-rival Mr. Takeo Fukuda in a showdown vote by MPs.

# Kim plotted Korea coup bid alone, says report

BY RON RICHARDSON IN SEOUL

KIM JAE-KYU, former head of South Korea's Central Intelligence Agency, assassinated President Park Chung-lee in an attempt to take over the Government, in the belief that he could gain support from the military, according to the official report on Park's murder. But the joint civilian-military investigation said it could find no evidence of prior military involvement.

The report, released yesterday, said Kim had plotted the coup attempt alone for more than four months. He saw his opportunity on October 26 when the President told him that he would dine with him in a private restaurant.

Kim called Gen. Chung Seung-Hwa, Army Chief of Staff, and one of his own assistant directors to dine in an adjoining restaurant in the belief that he could persuade them to support his coup, once Park was dead.

Kim also gained the tacit approval of Park's powerful Secretary-General to kill the "troublesome" head of the presidential bodyguard, the report said.

The investigators concluded that the Secretary-General had supported Kim's attempted coup, once the President was shot. Kim planned to call a Cabinet meeting immediately and to impose martial law, while suppressing news of Park's death for three days, the investigators said.

He believed men from his own extensive intelligence agency could "investigate" Park's killing and also control any political situation which it provoked.

Maj-Gen. Chon Tu-Hwan, said Kim mistakenly believed that all key officials in the Government and its military commanders were under his influence. He also had the illusion that he was the most eligible person for the presidency.

Kim's plot almost succeeded. Three hours after the assassination the Army and Cabinet still believed Park had been killed by North Korean commandos or rebellious units.

# Who else has...

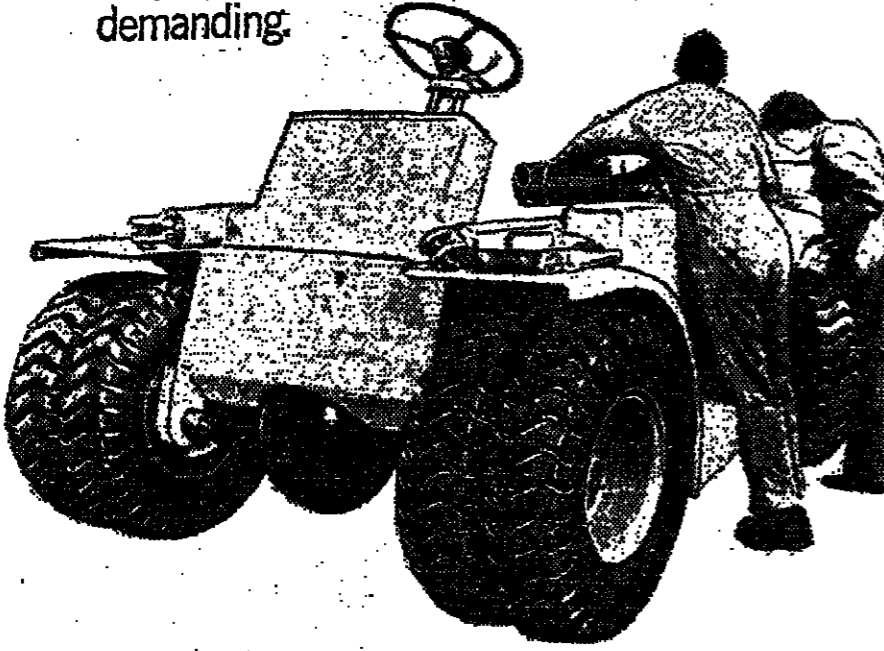
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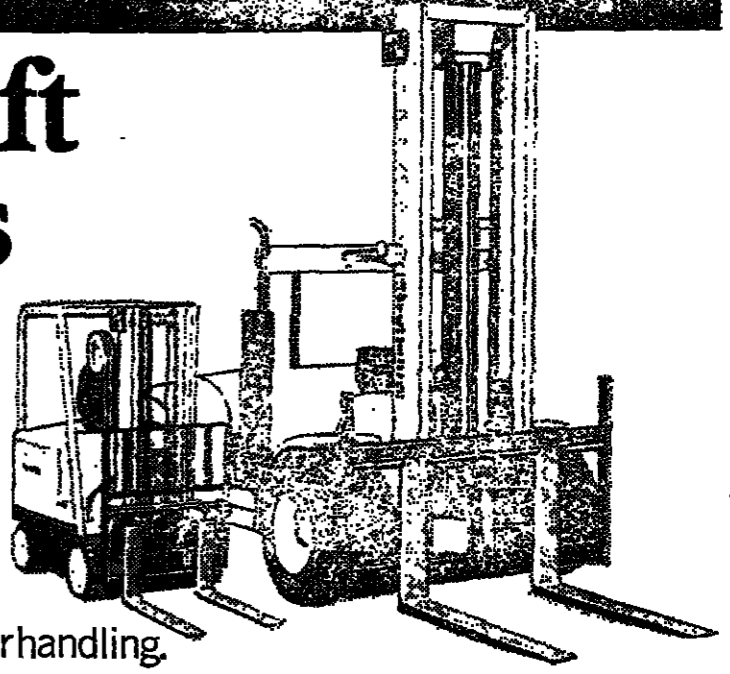
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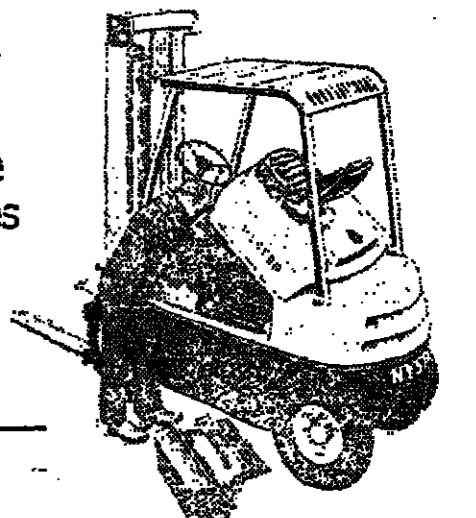
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# HYSTER Check for yourself

IRAN: THE AYATOLLAHS TAKE OVER

Crisis adds to worries over energy supplies

BY RAY DAFTER, ENERGY EDITOR

UNCERTAINTIES about oil supplies and prices are now occurring almost daily and the Western world is entering the winter with as much doubt about energy supplies as it had at the end of last winter.

Iran remains at the centre of the uncertainty. Through Mr. Ali Akbar Moftari, until yesterday the country's Oil Minister, Iran has said that it might cut off oil supplies to the U.S. if demands for the return of the Shah are not met.

Such a move would cut U.S. supplies by about 400,000 barrels a day, some 5 per cent of the country's imports. If the embargo was broadened to include U.S. oil companies, the impact on world supplies would be even greater. These companies have recently been lifting Iranian crude at the rate of about 500,000 barrels a day. If other countries outwardly supported the present U.S. stance of staunch resistance to Iran's demands, Iranian exports might be trimmed even further.

Any significant reduction in Iranian production, now running at about 3.5m b/d, would send a shock wave through the oil industry. As it is, Iran is producing oil at a rate some 700,000 b/d less than it was managing in May and June this year, and more than 2.5m b/d less than was being achieved in 1978 before the revolution.

Not all of this oil reaches the world markets. Between 600,000 and 700,000 b/d is retained for internal energy use. Of the remainder which is exported, up to 1m b/d has been switched from the contract market to the more volatile, but to Iran, more lucrative, spot market.

It is an indicator of the Western world's uneasiness about future oil supplies that Iran has felt confident enough to ask a seemingly outrageous price of \$50 a barrel for spot cargoes of its Iranian light crude. Industry reports suggest that it has already obtained \$45 a barrel from customers hoping for assured term contracts next year. Japanese and European buyers are said to be prominent customers of Iranian spot market crude.

Recent analysis of major Western energy companies has suggested that there could be even less Iranian crude in the world market next year, even without politically-inspired production cutbacks.

A number of companies had expected Iranian output to average about 4m b/d this year and next. However, they have been growing increasingly concerned about the lack of maintenance work in the oil fields, on pipelines and at the export terminals. Consequently it is now felt that Iran may not be able to sustain an output of more than 3.5m b/d. At least one major company has accepted that the production level might be nearer 2.5m b/d.

Even this lower level might not be too disruptive to worldwide supplies, provided it is arrived at gradually and is not accompanied by similar production restrictions among other major exporters.

Shell Oil in the U.S. has made a new analysis of world supply and demand and come to the surprising conclusion that States belonging to the Organisation of Petroleum Exporting Countries could reduce their average production next year by about 2.5m b/d to 29m b/d. The



Ayatollah Khomeini's son, Ahmad (in gown), stands on the U.S. Embassy wall to address students.

estimate arises from an expected substantial slowdown in world economic activity and a rise of about 1m b/d in output from non-OPEC countries.

Already Shell Oil has found that demand in non-Communist countries in this current quarter is about 2m d/b lower than expected just prior to the Iranian crisis.

Even so, there is expected to be little relief from the pressures and uncertainties that dog the oil market. The International Energy Agency has now become convinced that the world must assume that OPEC oil production will never reach higher levels than at present.

That means there is only one way for OPEC exports to go—downwards. What worries energy planners is that the drop could be sudden, perhaps coinciding with a period of high demand or low stock levels. There have been ample warn-

Firmly committed to non-aligned course

BY OUR FOREIGN STAFF

IRAN'S unilateral abrogation on Monday of its defence pact with the U.S. and emancipation of its main treaty with the Soviet Union have at a stroke cut its most important foreign links and set it firmly on the non-aligned course announced after the February Revolution.

The termination of the 1950 pact with the U.S. removes Iran from the protection of the American nuclear shield. The official Pars news agency also announced on Monday that Articles Five and Six of a friendship treaty signed in February, 1921, between Iran and Moscow were "no longer

applicable and therefore cancelled."

The articles theoretically gave the Soviet Union the right to intervene militarily if a third country were to establish a military base on Iranian soil "as a base of operations against Russia."

The 1921 treaty as a whole has not been cancelled and indeed, is reinforced by the Iran-Soviet Treaty of 1927. It would appear at first sight that the Iranian authorities have not been even-handed in their treatment of Washington and Moscow.

Mullahs run shadowy new ruling body

BY ANDREW WHITLEY

Iran is now run by a Government whose size, personalities and methods of operation are unknown either at home or abroad. This follows the announcement yesterday that the country's Revolutionary Council had formally taken over the reins of power, instead of operating from behind the scenes.

The conduct of international relations and the handling of critical domestic issues such as oil, employment and security, would appear to demand the naming of individuals entrusted with these tasks. But the habitual veil of secrecy, drawn ostensibly for security reasons has yet to be lifted from the council's membership.

However, from the leaks and indiscretions to emerge from Qom—more than ever the political powerhouse of Iran—and from Tehran, the official capital, a reasonably accurate picture of the Revolutionary Council can be constructed.

Ayatollah Khomeini is undoubtedly the council's leader, though he probably has an ex-officio position rather than a direct role as chairman of its meetings.

In his absence the council is probably run by Dr. Beheshti, a senior cleric who has spent some years in West Germany and speaks both German and English. Ayatollah Beheshti, as he is generally known, is the head of the Islamic Republican Party, the most powerful grassroots political organisation in Iran. He is also a leading light in the Council of Experts drafting the country's new constitution.

Other key figures in the leadership are Khomeini's son-in-law, Hojannisiam Estraq—a radical believed to have the ear of the unofficial head of state—and the Ayatollah's son, Ahmad. On his public record, Ahmad has gone against the trend in defending unpopular causes, such as the rehabilitation of prostitutes, and generally taken a more moderate stance than his colleagues on social and political issues.

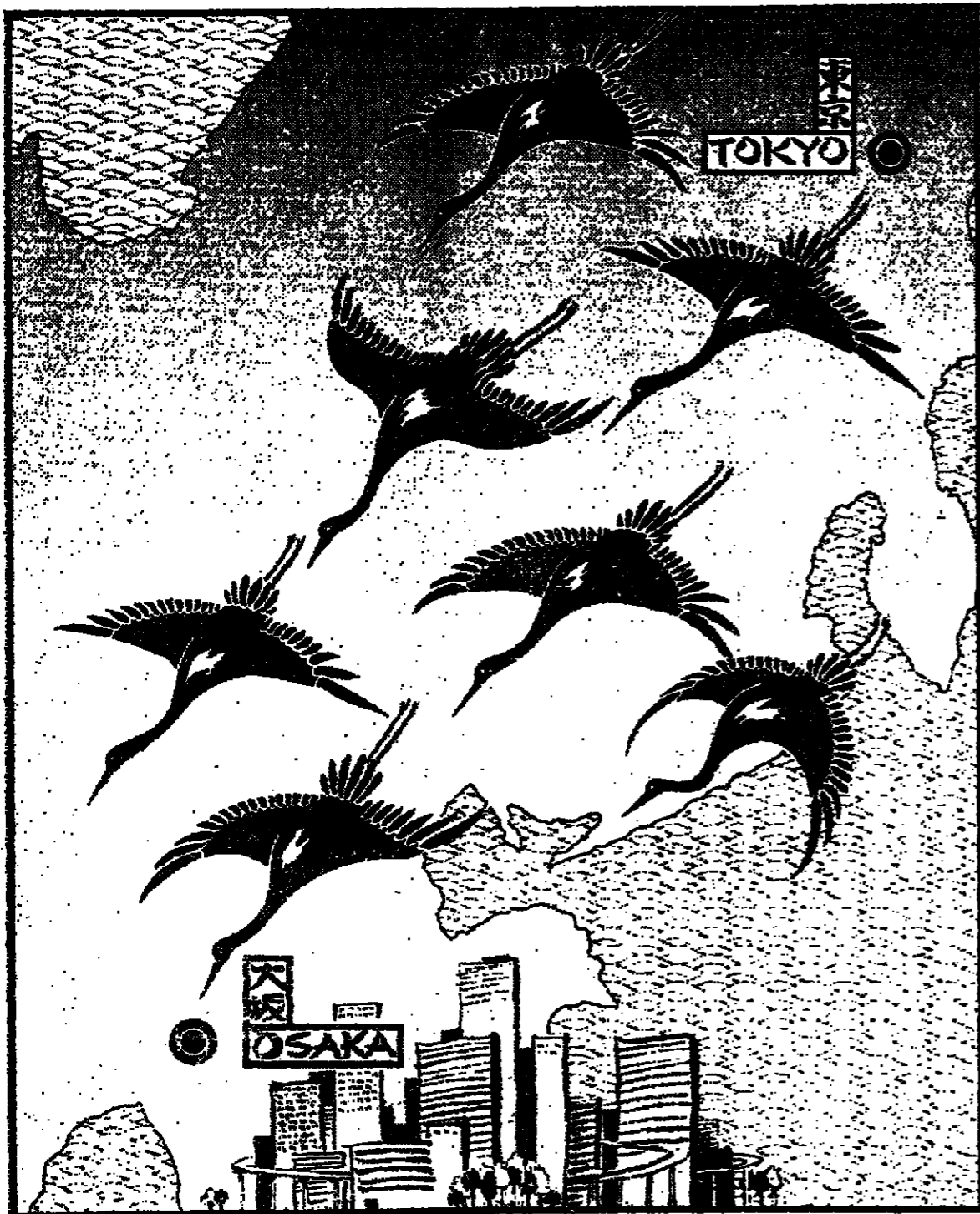
The clergy are generally believed to make up two thirds or three quarters of the 15 to 20 members of the Council. But while many foreign analysts think the Council is divided into factions, based on differences over tactics as well as straightforward personal rivalries, there is no agreement about where the dividing lines are drawn.

A group of "Young Turks" who believe passionately in Khomeini's concept of the rule of the theologians, emulating the experiment of the Prophet's son-in-law Ali in the seventh century, appears to be set against a more pragmatic school aware of the dangers that this approach could pose for national unity and continuation of the revolution.

Only four or five laymen are believed to be represented on the council. Of these several include the council's economic adviser, Abolhasan Bani-Sadr, who has long-standing clerical connections. Among the others are thought to be the broadcasting chief, Mr. Sadeq Ghotbadeh, and the outgoing Foreign and Defence Ministers, Dr. Ibrahim Yazdi and Mr. Mustafa Chamran.

Editorial comment, Page 22

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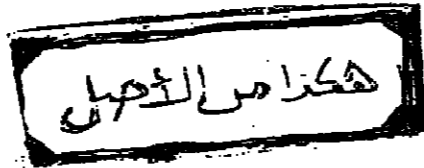


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OTHER OVERSEAS NEWS

Increase likely for Kuwait crude

BY OUR ENERGY CORRESPONDENT

KUWAIT is expected to announce a crude oil price increase of about 7.3 per cent in the next few days.

It will bring the cost of Kuwaiti oil to about \$23 a barrel—still within the limit set by the 13-nation Organisation of Petroleum Exporting Countries but more in line with the price of competitive crude oil produced by other Gulf States.

Kuwait raised the price of its crude oil by 10 per cent to \$21.43 a barrel in October. Sheikh Ali Khalifa Al Sabah, the Kuwaiti Oil Minister, said recently: "Our problem is that with the current market situation, spot prices are \$40 to \$45 a barrel."

"Under what circumstances, if someone wanted to buy a product at \$45, would you sell it for \$21?" Kuwait had not raised

its price before, because it was anxious not to stimulate price leap-frogging, he added.

But in recent weeks, a number of producers, including Nigeria, Algeria, Libya, Norway and the UK, have imposed increases which have taken contract prices beyond the \$23.50 OPEC ceiling.

AP-DJ adds: Intensification of already acrimonious relationships between Iran and the U.S. has bolstered prices for spot crude oil, although nothing that could be called panic buying has yet occurred.

Sellers of both spot crude oil and oil products have either withdrawn from the market to await developments which they feel could result in sharply higher prices, or they are offering at levels the market is so far reluctant to concede.

Arabian light crude, the marker crude of OPEC countries, is generally valued at between \$38 and \$39 a barrel fob, up about \$1 a barrel from last week.

While no large purchases have been made by a single buyer in the past week, a steady stream of smaller transactions has been dominated by offerings of Russian Urals crude, which has sold at \$37.43 a barrel cif, and Italy and Egyptian Suez blend, at \$36.50-\$36.75 a barrel fob.

Other prices mentioned include \$37.50 a barrel for Dubai crude, \$37.25 for Arab medium and \$35-36 for Arab heavy.

A cargo of Iranian mix was said to have changed hands at \$38 fob for light and \$36.90 for heavy.

Sharon in row over settlement

By David Lennon in Tel Aviv

MR. ARIEL SHARON, Minister in charge of settlements, yesterday accused the Defence Ministry of deliberately proposing unsuitable alternative sites for the Eilon Moreh settlement, near Nablus, on the occupied West Bank of the Jordan.

He said this could lead to confrontation between the settlers and the army which, he turned, could lead to the resignation of Mr. Menahem Begin, the Prime Minister.

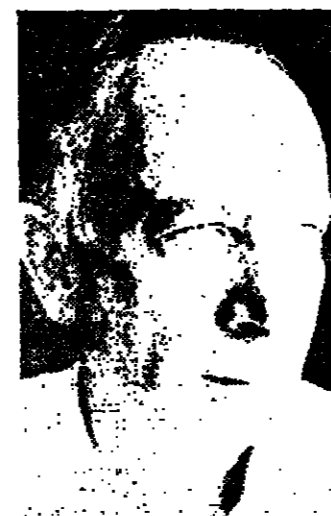
The Supreme Court has ordered Eilon Moreh to be dismantled and has said the land requisitioned illegally for the settlement should be returned to its Arab owners by November 22.

The Cabinet's inner defence committee which met yesterday to discuss moving the settlement ignored Mr. Sharon's accusation. It decided to empower the Defence Minister to negotiate with the settlers over temporary sites while the search continued for suitable land for a permanent settlement beside Nablus, the West Bank's largest town.

Israel's Finance Minister pledges tough measures

BY OUR TEL AVIV CORRESPONDENT

TOUGH NEW economic measures to halt the deterioration in the economy and head-on confrontations with the trade unions could face Israel with the selection of a right-wing businessman as the new Finance Minister.



Mr. Yigael Hurwitz—orthodox medicine

Mr. Yigael Hurwitz, 60, is expected to take up the post next week. He replaces his in-law predecessor, Mr. Simcha Erlich, who was unable to obtain Cabinet backing for his plans to cool the overheating economy which was the result of his economic liberalism.

Mr. Hurwitz has promised that he will act speedily and painfully to halt the country's slide into economic anarchy. He is determined to stop the growth in the balance of payments deficit which should set new records by the end of the year, and to fight inflation which has reached 100 per cent and is accelerating.

Mr. Hurwitz's medicine is orthodox: slash public spending, abolish government subsidies on basic foodstuffs and transport, and force people out of the civil service into industry.

The new Finance Minister has resigned twice from the Begin Government, where he originally served as Minister of Industry, Trade and Tourism. He quit first in protest at government overspending, and the second time when Israel accepted the Camp David peace accords with Egypt.

South Africa backs maize ban

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN Government officials have expressed approval of Zimbabwe Rhodesia's decision on Monday to halt the shipment of maize through its territory to Zambia.

Pretoria's attitude appears to be that the Rhodesians have been sufficiently provoked by guerrilla attacks on their transport links to justify their action. "This has been cooking up for a long time. It is perfectly understandable that the Rhodesians have reacted in this way," a Government spokesman said yesterday.

After Zambia purchased 0.2m tons of maize from South Africa last month, it was hoped the security situation in Zimbabwe Rhodesia might allow trains to operate at night on the Victoria Falls route. But this has proved impossible, and South African Railways have been sending only about 1,400 tons of maize a day to Zambia.

The trucks which have been carrying maize for the past few weeks will now be allocated to other goods for Zambia. Especially fertilizer. There is also a long waiting list for the ship-

ment of general goods to Zambia, and South African Railways hopes that the security situation permitting, the extra trucks now available will enable it to work off some of this backlog.

Tony Hawkins, aide from Salisbury, Zimbabwe Rhodesia confirmed yesterday that Zambia and Zairean copper exports using the southern route through Rhodesia to South African ports will not be affected by Salisbury's ban on maize shipments.

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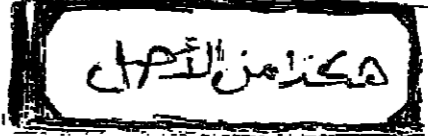
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# Mexican Government favours GATT membership

BY WILLIAM CHISLETT IN MEXICO CITY.

THE MEXICAN Government has publicly declared itself in favour of joining GATT (the General Agreement of Tariff and Trade). And it has asked all the country's private sector and state organisations to communicate their views on the subject so that a final decision can be taken before May 31, 1980, the deadline set by GATT in agreement with Mexico.

This was announced by Sr. Jorge de la Vega Domínguez, the Trade Minister. Sr. Domínguez also made public the working and protocol documents on Mexico's possible GATT entry which would give Mexico 12 years to bring its protectionist trade policy into line with GATT.

These documents conclude the discussions on Mexico's

entry. It is now a matter for the Mexican Government to persuade the reticent private sector of the merits of joining. The private sector, particularly the manufacturing industries, have been campaigning against joining, arguing that membership will harm the country's development and put companies out of business. There has, however, been a noticeable softening of their criticism in the past months.

The Government has generally been in favour of joining for some time, though it has been careful to couch its language to take all points of view into consideration. But it is now adopting a more open and favourable line.

The Trade Minister said that he personally felt that GATT membership would be a positive development—not only thinking of the near future, but in the long term. He was careful to emphasise that membership would not mean a change in the Government's policies, particularly its present conservative approach towards selling the country's immense oil reserves. He also indicated that not all import licences would disappear.

GATT membership, he predicted, would stimulate industry to be more efficient and more competitive.

President Jose Lopez Portillo, who privately has long been in favour of Mexico joining GATT, believes that membership is part and parcel of his Government's determination that Mexico will not become just an oil exporting country.

# American orders for Fokker

By Charles Batchelor in Amsterdam

THE DUTCH aircraft manufacturer, Fokker, said it has sold five 85-seat F-28 jet jets to two U.S. commuter airlines. Options on another six have also been signed. Altair Airlines has ordered three F-28s and taken options on a further six while Empire Airways has ordered two.

Both contracts depend on the airlines raising the financing for the aircraft but this should be completed before the end of the year, a Fokker spokesman said.

The value of the orders, excluding the options is at least \$45m plus spares and extras. The aircraft are expected to come into use next year.

These sales represent the opening up of a potentially sizeable market for Fokker following the coming into force in the U.S. of the airline Deregulation Act. This has raised the limits on the size of aircraft that may be operated by commuter airlines. In June Fokker sold its first F-27 turboprop to a U.S. airline. Swift Airlines ordered three of the Mark 600 version for its commuter routes in California.

Including the five aircraft now ordered sales of the F-28, since its introduction, total 151. Sales of the F-27 are approaching 700

# Whisky exports fall but price rises boost overall earnings

BY CHRISTOPHER PARKES

THE SLIDE in Scotch whisky exports accelerated in September and is expected to have speeded up still further through last month because of the strikes which hit most of Distillers' (DCL) operations in October.

Total shipments fell 12 per cent by volume during the month and 6 per cent in value, according to Wood MacKenzie, the stockbroking company. Volume sales abroad for the first nine months of the year were down 5 per cent. Losses in volume sales abroad have been compensated for, to some extent, by higher earnings. Exports of bottled blends, which account for about 70 per cent of shipments, fell 3 per cent between January and the end of September, but higher prices brought the value of these sales up 7 per cent.

Exports of bulk blend, about 20 per cent of total sales, slipped 10 per cent in volume and fell 4 per cent in value. Income from malt whisky sold in bulk to overseas markets, mainly for mixing with local spirits, rose 13 per cent, while volume sales were 9 per cent lower.

Only bottled malt and grain whiskeys, accounting for 2 per cent of all export sales, went against the general trend. Malt exports jumped 40 per cent in volume and 58 per cent in value. The quantity of grain spirit rose 26 per cent, and income was up 40 per cent.

Overall, in spite of the loss of volume, earnings from Scotch exports in the period were up 8 per cent at about £500m.

Overseas buyers started the year with exceptionally heavy stocks, which accounted, along with the transport strikes, for greatly reduced exports earlier

# Occidental in Bulgaria accord

SOFIA—Occidental Petroleum of the U.S. and Bulgarian foreign trade organisations have signed a protocol on economic, industrial and technical co-operation for a 10-year period.

The co-operation protocol is envisaged as including design and construction of industrial plants and reconstruction and modernisation of existing Bulgarian chemical works, an official report said.

The U.S. company and the Bulgarian state-run enterprises are scheduled to co-operate in developing processes for liquefying lignite and coal and do joint research into ores and minerals. It also provides for co-operation in research, production and trade in crude oil and petrochemical products in Third World countries.

AP-DJ

# U.S. to adjust Japan TV duties

WASHINGTON—The United States Customs Service has issued a series of legal rulings that could lead to a substantial reduction in the penalty duties assessed earlier on imports of Japanese-made colour television receivers.

But there's no end in sight for a long and controversial dispute between the U.S. and Japan about how much U.S. importers and Japanese TV set makers eventually may have to pay in anti-dumping duties on colour TV receivers shipped to the U.S. market since 1971.

A U.S. official said that, despite the efforts of the Customs Service to make final determinations on the millions of dollars in penalty duties on imports of Japanese TV sets during the past eight years, the entire matter would be shifted to the U.S. Commerce Department on January 1, 1980.

This will be done in line with President Carter's trade reorganisation plan that will make the Commerce Department, rather than Customs and the Treasury Department, responsible for handling Anti-dumping Act and countervailing duty cases. It is now expected that

officials, having conceded that some adjustments will be required in the previously-assessed penalty duties, still do not know how much the \$46m total claimed on the sets imported up to mid-1973 actually will be scaled down.

AP-DJ

# Cyprus expands communications

BY A SPECIAL CORRESPONDENT

CYPRUS will spend \$170m (£82m) between 1980 and 1983 to develop communications in the south.

The investments will double the island's international telephone and telex exchange capacity and treble the berthing and storage capacity of harbours on the south coast.

The projects, all aimed at boosting trade with the Middle East and Europe, include:

- A \$11m satellite earth station, being built near Nicosia by ITT of the U.S. The station will open next March. This is a joint venture between the State-owned Cyprus Telecommunications Authority (CYTA), the Cyprus Broadcasting Corporation and Cyprus Airways.
- A \$40m submarine telephone cable between the south coast and Athens. The 650 nautical miles cable will be paid for by CYTA and Greece's State-owned Hellenic Telecommunications Company (OTE) (50 per cent each). Tenders will be called in mid-November.
- A \$45m port development plan for Limassol and Larnaca, on the south coast. The Cyprus ports authority (CPA), a semi-public company, signed in May a \$17m contract with Archirodon of Greece to carry out the first phase.
- A \$34m port at Paphos, on the south west coast. Tenders will be called in February.
- A 54 mile four-lane highway between Nicosia and Limassol, which is expected to be ready by 1982. The highway is being built by the Greek construction company Xecte

# PAL to resume full flights soon

PHILIPPINE AIRLINES (PAL) expects to resume full domestic services on November 15 following faster delivery of spare parts by British suppliers, Daniel Nelson writes from Manila. A spokesman said yesterday that British Aerospace had given "the highest co-operation" to PAL's attempts to get deliveries speeded up.

# Selincourt in joint textile venture talks with China

BY RHYS DAVID

A TEAM from Selincourt, the UK textiles and clothing group, has begun detailed negotiations in Peking with Chinese officials on the establishment of factories to manufacture pile fabrics and curtain nets in China.

The visit follows an approach earlier this year to Selincourt through the London export group's technical projects division, which arranged meetings between the company and Chinese officials in London.

The team, headed by Mr. Denis Pick, group managing director of Selincourt is now hoping to find out the scope of the projects which the Chinese have in mind. The company has set a target of £15m as the minimum size of deal it would like to achieve, and would consider worthwhile.

The proposals as they have emerged from the talks so far are for Selincourt to supply technology, management services, and production methods to enable new Chinese factories to produce marketable products exclusively to Selincourt's design and quality for export markets, including the U.S. and South America.

The company stressed yesterday that none of the products was expected to enter EEC markets, while Selincourt's own expansion plans in the UK would be unaffected. Selincourt would be responsible for selling the finished goods and has chosen North and South America as possible markets because of the difficulties of competing on price in these markets using goods produced in Europe. The much cheaper production costs in China are expected to make it possible to surmount tariff barriers and still remain competitive.

Selincourt, which employs around 4,500 in the UK and France, is one of the leading manufacturers of curtain nets, trading under the name Filigree. Its J. H. Walker subsidiary makes pile fabrics which are used in clothing, furnishings, blankets, car seat fabrics and toys.

The company said yesterday that British textile machinery manufacturers would be included on the list of potential suppliers to the factories now planned with the Chinese.

# Swiss fabric sales climb

BY JOHN WICKS IN ZURICH

THE MORE stable exchange rates in Europe are largely responsible for the improvement of business currently being experienced by the Swiss textile industry. According to Industrieverband Textil, the trade association, some 45 per cent of all orders received so far this year have come from abroad, compared with a 1975 share of only about 33 per cent.

There has been a marked rise in total orders placed with spinning mills, which were higher by 45 per cent in the third quarter of 1979 than for the corresponding period of last year. The new-order level booked by weavers was "satisfactory," exceeding that of the third quarter of 1978 by 5 per cent but slightly below current production. Orders on hand have risen by as much as 60 per cent in spinning plants and 10 per cent for weavers with prices keeping up with volume.

Improved production and stable prices have meant that turnover in the industry was some 12 per cent higher in July-September, 1979, than in the same three months last year. The Industrieverband Textil expects this trend to continue into 1980.

Meanwhile, the Swiss clothing industry has been successful in reversing the downward trend in its export sales. According to the Swiss Clothing Industry Association, third-quarter exports were up to SwFr 150m (£44.1m), as compared with SwFr 140.5m for the corresponding 1978 period.

# Italy delays Boeing credit

ROME—The Italian Government has postponed a decision over whether to grant state export credits to help finance sales of the Boeing 767 jet aircraft.

Boeing has asked Italy to provide 5 per cent of loans to foreign buyers, because Aeritalia, the state-owned aircraft manufacturer, has a 5 per cent stake in the new aircraft. But the proposed credits have drawn criticism from the Italian media, which has accused the Government of giving Boeing a "present."

Italy's share of the loans are estimated to total between Lit75bn and Lit350bn (£204.3m). Italian Government officials defended plans to extend the loans and said the step was a necessary part of a contract that is providing jobs for several thousand Italian workers in construction of the medium-range aeroplane.

The Council of Ministers' Committee on Foreign Business considered the matter earlier this week but did not take any action. The loans would be normal export credits, which carry low interest rates and are issued by Government agencies.

AP-DJ




# David Taylor flew the flag to Johannesburg.

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# UK NEWS

## U.S. plutonium for fast breeder tests

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN is to receive the first export of plutonium authorised by the U.S. Government since it introduced its Non-Proliferation Act last year.

The shipment, in the form of fuel pins containing about 34 pounds of plutonium, is coming to Britain next year. It will be used in an Anglo-American experiment on the safety of fast breeder reactors.

The exchange of plutonium was authorised by the White House, after more than two years of talks between the UK Atomic Energy Authority and the U.S. Department of Energy.

The agreement to carry out the experiment was signed in London on Monday, by officials of the UK Atomic Energy Authority and Dr. Charles Williams, the U.S. Department of Energy official responsible for nuclear policy.

Under its terms the U.S. fuel pins will be irradiated in the 250 MW prototype fast reactor at Dounreay, Scotland. The U.S. has no fast reactor facility on this scale available for fuel testing.

The aim of the experiment is to demonstrate how commercial fast breeder reactors might be built cheaply without reducing safety factors.

The irradiated fuel will be shipped back to the U.S. by the U.S. Government, for further experiments at Idaho Falls. The facility, known as TRIST (transient reactor test facility), will expose the irradiated fuel to operating conditions violent enough to make it burst. Britain has no such facility. The two teams' fast reactor designers hope to demonstrate that even if the fuel bursts, releasing fuel and radioactive gases into the molten sodium coolant of a fast reactor, it will not damage the reactor.

The fuel pins have already been fabricated, but an arrival in Britain must be fabricated into assemblies suitable for loading into the Dounreay reactor.

Dr. Tom Marsham, managing director of the UKAEA's northern division, which operates Dounreay, said last night that the agreement was "very good value for us." The authority had other ideas for collaborative experiments with the U.S. Government.

The agreement is for each party to pick up the costs incurred on its own side. No cash transfers are expected.

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## Currys to set up computer company

BY JAMES BARTHOLOMEW

MR. JOHN MORRIS, a director of Ladbroke's main casino subsidiary, admitted in a conversation with a Ladbroke employee that the company had broken the gaming laws, it was said at Knightsbridge, Crown Court yesterday.

On the second day of the rehearsing of Ladbroke's application for renewal of four casino club licences, Mrs. Janet Ballard, personal assistant to Mr. Cyril Stein, chairman of Ladbroke, described a conversation she had with Mr. Morris some time before September 1978, after police investigation into Ladbroke and publicity about its affairs.

She had asked Mr. Morris how serious the whole affair was, she said. He had replied that "it was pretty serious. They had been doing things in relation to car numbers etc. contravening the gaming laws. They had done it. They had to face the music."

"And I asked him about Mr. Stein and he said he knew all about it and he would have to face the music," said Mrs. Ballard.

Earlier in her evidence Mrs. Ballard said Mr. Stein was "very much a working chairman" and took particular interest in the casino division because it was the most profitable.

Currys, the UK's largest electrical retail chain, is to invest several million pounds in establishing a subsidiary company to market small computers and provide computer programmes.

The subsidiary, which will begin operations next year, expects to open 30 to 40 outlets in 1980, mainly in Currys' premises.

In its first year it aims to take 10 per cent of the domestic market, reckoned to be worth about £100m, increasing its share to 15 to 20 per cent in a market forecast at nearly £500m by 1985. The company believes the domestic market will account for some 25 per cent of sales overall, with microcomputers coming in to complement video and hi-fi equipment.

The prime markets for mini and microcomputers are small to medium-size businesses and industries, commercial and educational outlets and professional practices.

The new company's managing director will be Mr. Derek Moon, a former managing director of GEC's domestic appliance division. The commercial director will be Mr. Robert Webb, formerly computer division vice-president of the U.S. company Commodore International.

Mr. Terry Curry, Currys' joint managing director, said yesterday: "We are committed to making the microsystems business vital corporate in our development plans for the future and we aim to dominate this segment of the market."

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## Rubella vaccine recalled

Two batches of vaccine issued for vaccination against Rubella (German measles) were below standard and are being recalled, the Department of Health said yesterday.

"Doctors who may have used any should contact their patients for revaccination," the Ministry said. "But any woman who is concerned whether she is immune to Rubella because she intends to start a pregnancy is advised to see her doctor."

## Ladbroke employee tells of director's 'admission'

BY JAMES BARTHOLOMEW

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"And I asked him about Mr. Stein and he said he knew all about it and he would have to face the music," said Mrs. Ballard.

Earlier in her evidence Mrs. Ballard said Mr. Stein was "very much a working chairman" and took particular interest in the casino division because it was the most profitable.

"He virtually ran it himself," she said.

She told of two occasions on which she had been asked to shred papers. She said that in July 1978, Mr. Alex Alexander, head of the casino division, had asked her quickly to shred three stacks of papers which he sent round with his chauffeur.

On a separate occasion, she said, just after police had raided one of Ladbroke's offices, Mr. Stein had ordered the shredding of documents in the casino file in her office.

Operators of the police computer terminal in Nottingham, witnesses for the police earlier in the day, said that they had been asked to supply the names and addresses of owners of groups of high-class cars from the police computer.

They said that this was unusual. Among the owners in these groups were the Saudi Arabian Embassy and the Playboy Club, she said.

Mrs. Gillian Savage, a former employee of Ladbroke, said that when she worked in Ladbroke's Leicester office, she received lists of car numbers from London.

She said she was told that people were being employed to observe rival casinos and note the numbers of cars.

She was told that Mr. Widdowson, for whom she was working,

knew a police officer who lived in Nottingham to whom he sent the numbers, she said. The police officer obtained the names and addresses from the police computer, he told her.

Miss Jan Domanska, a former marketing assistant at Ladbroke, said that she and colleagues in the marketing department were given lists of names obtained from car registration numbers by the marketing controller Mr. Andreas Christensen. The people named would be sent flowers or champagne or other gifts and invited to a complimentary meal or a cocktail party at one of the casinos.

When Mr. Andreas Christensen left, Mr. Gordon Irvine, marketing director, took over, said Miss Domanska. "He then gave up the lists instead of Christensen."

At the outset of the hearing, Mr. Michael Kempster QC, for the police, withdrew the suggestion he had made on Monday that Ladbroke had acted improperly in trying to put pressure on the court about its composition. He acknowledged that a letter sent to the court administration had been instigated by Ladbroke's legal advisers and not by Ladbroke itself.

The hearing was adjourned until today.

## Deloitte partner defends circular

BY JAMES BARTHOLOMEW

A PARTNER of Deloitte and Company, the city accountants, told the High Court yesterday that he did not think it necessary to give details of asset valuations when preparing a circular for Newman Industries in 1975.

The court was hearing evidence from Mr. Peter Cooper, a partner in Deloitte and Company, which was responsible for making an independent valuation of assets and liabilities sold by Thomas Poole and Gladstone China (TPG) to Newman in 1975.

The Prudential, a minority shareholder in Newman at the time, alleges that the circular informing shareholders of the proposed sale was misleading. It is also claiming damages from Mr. Alan Bartlett and Mr. John Knox Loughton, respectively chairman and vice-chairman of Newman and TPG, for conspiracy and breach of duty.

Mr. Cooper told the court that he had not thought it necessary to itemise in the circular the value of TPG's stakes in four associate companies.

A composite value of around £1m was attributed to the holdings. Mr. Cooper said the whole basis of valuation had little regard to the quoted value of the shares. It would, therefore, have been necessary to explain at some length the difference between the quoted and attributed values, he added. Mr. Cooper has now completed his evidence in chief.

The action has been adjourned for up to a fortnight to allow one of the counsel involved to meet a prior commitment.

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## Road haulage permits for EEC

The EEC Council of Transport Ministers will next month consider a proposal to increase the size of the Community quota for road haulage permits. The Department of Transport yesterday announced that extra permits will be allocated to UK operators, who surrender the most French and/or West German general quota permits.

## Plant makers urged to develop technology for new markets

BY JAMES BARTHOLOMEW

PLANT SUPPLIERS will have to put extra effort into technical development, both on their own and with customers, says a National Economic Development Office report on prospects for UK process plant manufacturers.

The study of prospects in the aluminium smelting, chemicals and electricity supply industries, concludes that large amounts of new process plant and equipment will be bought over the next 20 years. But British suppliers will have to accept a "stiffening" of their products to invade their markets.

Many British process plant manufacturers, now have fewer orders says the study. A principal reason is said to be competition from overseas, including developing countries whose lower wage and materials costs mean lower prices.

One way forward for the industry is to improve its products, introducing higher technology.

The study also concludes that biological

processes in the chemicals industry will become more widespread and that coal conversion will grow in importance as oil production falls off.

Industry fuel reprocessing and storage of active wastes, including the new vitrification process, will pose particular challenges. Nuclear power generation will see the introduction of two new processes — the pressurised water reactor and the fast reactor.

In the energy sector conservation will become a central principle of all plant design and construction. Chlor-alkali production, which is energy intensive, will be reduced to conserve energy.

Electricity generation will also be affected on a growing scale although coal-fired plant will probably be needed and renewable energy sources, such as wind and wave power, will come into use.

On technology, the study concludes that plant sites has reached a practical limit in many respects. Construction on sites will give way to construction in brownfield areas to avoid damage to sites.

Heavier items of plant of up

to 2,000 tonnes will be demanded. Many will have to be moved by water. In-service inspection and maintenance will be a major requirement, particularly in the nuclear industry. Environmental protection will become a prime need and automatic control will increase, for complete processes and individual plant items.

More enlightened customers are likely to show a sympathetic attitude towards "terotechnology," involving the assessment of total life costs when investment decisions are made, says the study. Savings from low maintenance costs and high reliability may outweigh higher initial costs.

The study says: "In the same context and with the emphasis on safety, customers are likely to continue to emphasise the need for comprehensive documentation relating to operation and maintenance of plant and equipment. This implies continuing close contact between supplier and customer."

"Technology Prospects in the Process Industries," Nedo Books, 1 Steel House, 11 Tot Hill Street, London, SW1, £2.50 or £2.65 postage paid.

## Ulster TV franchise challenged

BY OUR BELFAST CORRESPONDENT

A GROUP OF 40 Ulster-born personalities drawn from industry, the arts and various professions is to challenge Ulster Television for the independent television franchise in Northern Ireland.

A new company called Northern Ireland Independent Television has been formed to apply for the contract when it is put out to tender by the Independent Broadcasting Authority at the end of next year.

It is chaired by Lord Dunleath, who resigned from the moderate Alliance Party to head the consortium. Mr. Liam McCornick, a distinguished Ulster architect, is vice-chairman.

Among the backers are Mr. Denis Lamont, vice-chairman of the CBI in Ulster, Mr. Charles Monteith, of Faber and Faber, the Marchioness of Dufferin and

Ava, Mr. James Galway, the flautist, Miss Mary Peters, the Olympic gold medalist, and Mr. Derek Bailey, a former Ulster Television director, who is chief executive designate of the new company.

Several full-time trade union officials are included but they will not become shareholders in the venture.

Lord Dunleath said much preparation would take place over the next five months to prove to the IBA that the project was a viable one and not frivolous.

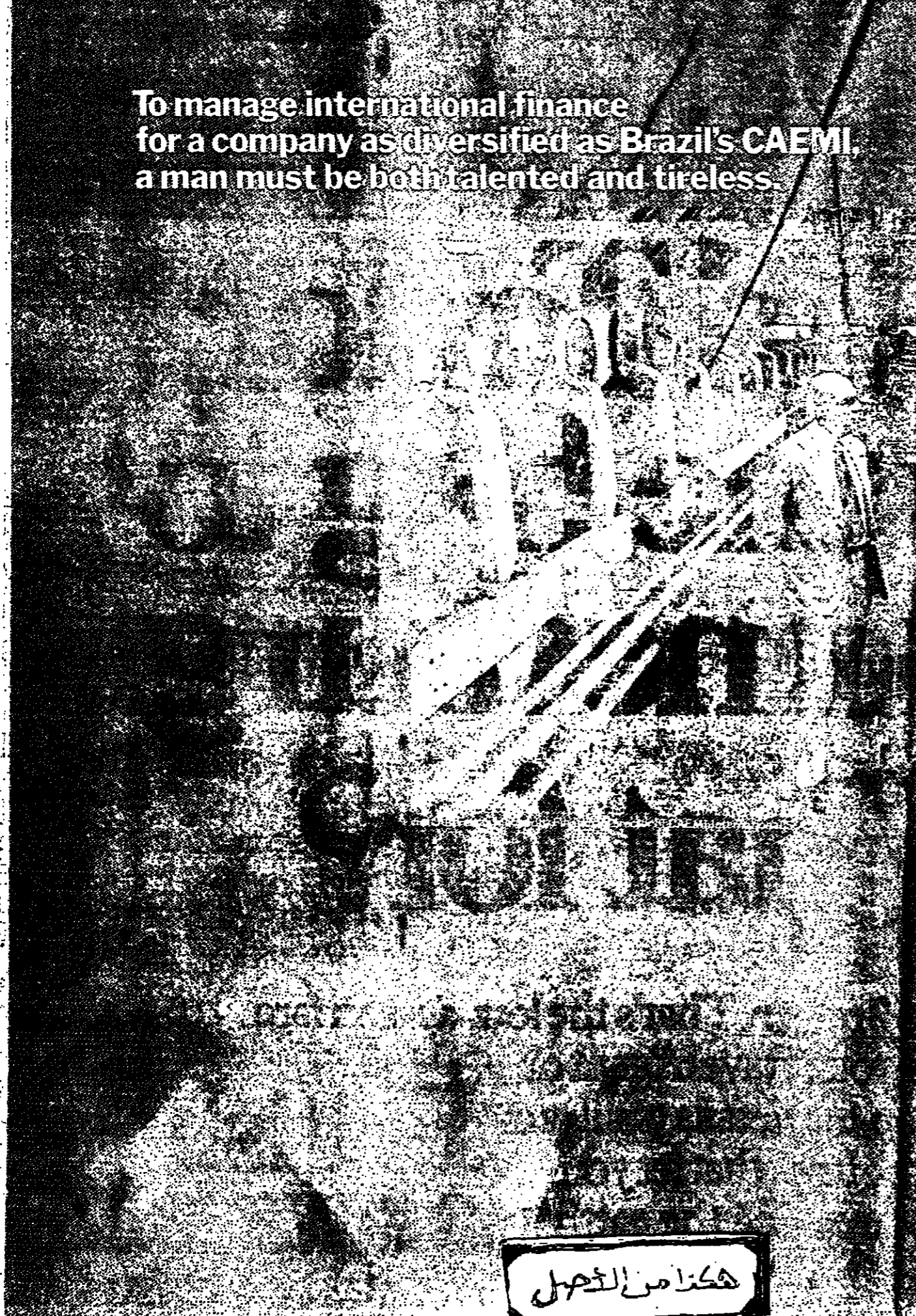
"The new company would try to maximise the material there is in Northern Ireland. I would hope we could make more programmes of a higher standard which would be acceptable to the network and which would show something of Northern Ireland that people in

the rest of Britain do not see at present," he said.

Ulster Television has held the regional franchise since 1959 and was not opposed when it was last renewed in 1968. It said it would resist the new challenge forcefully.

Applications to the IBA will be published by mid-summer to give the public an opportunity to study the proposals and a public hearing will be held in Belfast before the contract is awarded.

Invitations to viewers to express an opinion on Independent Television are to be screened on ITV throughout Britain from today as part of a three week campaign by the Independent Broadcasting Authority to consult public opinion before awarding the new ITV contracts in 1981.



To manage international finance for a company as diversified as Brazil's CAEMI, a man must be both talented and tireless.

His banker must be the same.

Robert M. Londono, Vice President, Chemical Bank. Photographed at the shipping terminal of CAEMI's subsidiary Mineracoes Brasileiras Reunidas S.A.

In Brazil, CAEMI stands for Companhia Auxiliar de Empresas de Mineracao. In the rest of the world, it stands for a worldwide organization with financial interests in five major areas—mining and exploration, raw materials for the steel industry, chartering, general commodities, and food products.

In a company that is diverse and far-flung, Finance Director Vinicius Ferraz Machado must try to be everywhere at once attending the money needs of many subsidiaries in many currencies. Fortunately, he can turn for help to a man who can put him in

touch with the world. His Chemical banker, Bob Londono.

Londono operates out of Chemical Bank in New York, but with Chemical's physical presence around the globe, he can help Machado everywhere CAEMI does business. In Brazil, Chemical Bank services CAEMI through its representative offices in Rio and São Paulo. In Europe, Chemical finances CAEMI's operations out of full-service branches in London and Brussels. And in New York, it assists with CAEMI's increasingly numerous joint ventures with major U.S. companies.

Considering its worldwide status and international activities, CAEMI is a company that requires considerable short- and medium-term financing. In addition to that financing, Machado will tell you that Londono gives him something else that's equally important. And that's a professional and personal relationship rare enough in any line of business.

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كتاب من الذهب

TSB to advance loans for housing

World coal finds

Farmers



# TSB to advance loans for housing

BY TIM DICKSON

THE Trustee Savings Banks yesterday announced their entry into mortgage lending. Applications for the first advances start today in the South East.

In the first year of operation the TSB group plans to lend about £196m on mortgages. This is expected to rise to about £250m by November 1981.

Mortgages are not completely new to the TSB—the Birmingham Municipal TSB has been offering them for many years, while pilot schemes have more recently been running in the Channel Isles and the Isle of Man.

The sums involved are small by banking standards—their advances are running at about £750m a month—but the TSB move represents a further step in its development of a full range of banking services.

## Base rule

Mr. Tom Bryans, chief general manager of the TSB, said yesterday: "Our main objective is to provide an additional service which will help to meet some of the increasing demand for mortgages."

One of the most interesting features of the TSB mortgages is the rate of interest to be charged. Unlike the commercial banks, which normally link their home loans to bank base rate, the TSB is introducing its own mortgage rate. It will be influenced by market interest rates, but it will only be changed periodically and not necessarily in line with Minimum Lending Rate.

Mr. Bryans said: "We consider that bank base lending rate is too unstable for mortgage purposes because we feel that customers will require a less volatile rate."

Initially the TSB mortgage rate has been fixed at 12½ per cent, but according to Mr. Bryans, branch managers in the TSB's 18 regional banks will operate within a range from 1 per cent below to 2.5 per cent above the base. This is to "accommodate portfolio requirements, individual customer circumstances, and all relevant risk factors."

## Maximum

The TSB emphasises that even in exceptional circumstances where it may be necessary to charge the highest rate it will be competitive with other banks. Lloyds, for example, charges 3 per cent over base rate, which is currently 14 per cent. Building societies currently charge 1½ per cent on mortgage advances, although this will go up to 12½ per cent on January 1. The rate is generally higher when big sums are involved.

Other features of TSB mortgages include a maximum limit of £30,000 on individual advances; repayment terms of up to 25 years (or by age 65 if sooner); advances limited to 90 per cent of valuation, of purchase price, if lower; repayment either by the annuity method or through an endowment policy.

## Allocations

The council's document suggests that those authorities with the worst housing problems generally receive the lowest proportionate allocations of cash for improvement under the housing investment programme. Those with the least sub-standard stock receive the most cash and make the greatest number of grants in relation to the amount of housing which requires attention.

A code of practice is called for, to be formulated with the local authority associations in order to help councils improve

# Mortgage shortfall continues despite record lending

BY MICHAEL CASSELL

BUILDING SOCIETIES are still falling well short of meeting demand for home loans—despite record levels of mortgage lending—according to the Building Societies Association.

It confirmed yesterday that member societies this year expect to advance a record £8.8bn, against £8.7bn in 1978. But because of house price increases, the number of mortgages is expected to fall to 711,000 compared with 802,000 last year.

Earlier estimates by the association had suggested that advances would reach only £8.6bn, involving 673,000 loans. But these have been increased with the better-than-expected improvement in net receipts.

The association, whose members are due to raise the mortgage rate to a record 12½ per cent in January following the August increases in investors' rates, said that societies are "a very long way from meeting mortgage demand."

The societies' inability to provide sufficient mortgage finance was reflected in the long queues for home loans and falling advances in relation to purchase prices. It was also demonstrated in the need for home buyers to finance part of any

purchase from alternative and much more expensive sources.

The association estimates that mortgage demand is currently running near to £1.1bn a month compared with the present lending level of about £750m monthly. To meet demand net monthly receipts would have to be more than £550m a month. Although this figure could well have been breached in October because of tax rebates, the present trend is about £300m to £350m a month.

A fairly substantial reduction in competing interest rates would be needed, say the societies, to attract the required level of funds.

An association spokesman said: "A major feature of the behaviour of the housing market over the past 18 months has been that purchasers have been finding an ever-increasing share of ever-rising purchase prices either from their own resources or from institutions other than building societies."

While average prices rose by just over 45 per cent between April, 1978, and August, 1979, the average mortgage advance rose by just under 20 per cent. As a result, the average percentage advance fell from 67

per cent to a little over 55 per cent.

This decline is due in part to existing house owners accumulating a larger equity stake to put into their next home. Those, such as first-time buyers, requiring money on top of their mortgage may have taken out topping-up loans or received money from relatives.

The association also points out that there has been a big expansion in bank lending for house purchase, with the banks probably accounting for 15 per cent of the increase in mortgage debt recorded during the quarter which ended in mid-August.

It believes, too, that substantial volumes of cash are increasingly being released on the sale of properties owned by the older generation.

Parliament Page 16

# House grant system 'needs overhaul'

FINANCIAL TIMES REPORTER

THE HOUSE improvement grant system is in urgent need of a complete overhaul, says a report published today by the National Home Improvement Council.

The report, which points out that the number of conversion, improvement, intermediate and special grants has been falling every year since 1974, calls for changes in the statutory framework of grant aid, changes in the way in which local authorities operate their improvement schemes and increases in the amounts of aid per grant.

The number of private grants paid in 1978 in England and Wales reached only 58,000 against 217,000 in 1974. The council's report reveals considerable variations between authorities in the way they exercise their discretion over the provision of grant aid.

Some authorities, it claims, make it harder to obtain a grant than others and the amount of grant-aided improvement carried out does not necessarily relate to the amount of sub-standard stock in need of improvement.

## Scrap dealers 'optimistic'

SCRAP MERCHANTS are "cautiously optimistic" about future trade, Mr. Tony Bird, president of the British Scrap Federation, said yesterday.

"They are not as optimistic as they are," he said.

The value of exports for the first nine months of the year was £50m, compared with £44m for the same period last year. However, the volume of exports for the first nine months fell by 18 per cent — to 937,000 tonnes.

The federation said exports had soared since restrictions were removed for a six-month trial period at the beginning of September by Mr. Michael Marshall, Parliamentary Under Secretary at the Trade Department. Home consumers were not able to absorb the output of processed scrap.

# Small Business Bureau to expand its services

BY JAMES McDONALD

THE SMALL Business Bureau, is to expand its services, it was announced in London yesterday. It has about 5,000 members.

It plans to appoint six regional executives to open the way for the development of an advisory service to help its 5,000 members to understand the activities of Government and advise on problems.

Mrs. Ava Westrip has been appointed research executive to the bureau, responsible for co-ordinating the new advisory service.

Other activities are to be strengthened. The monthly newspaper "Small Business" is to be enlarged.

Any member will be able to obtain on request help with a problem with Government activity, or an explanation of new or existing Government measures.

The advisory service will provide members with contacts, addresses and telephone numbers of people who will be able to help and advise on business problems.

# Third World 'chief hope' for coal finds

IF THE annual growth in coal production remains at 3 per cent, world supplies will last only about 100 years unless more resources are discovered, says Dr. Bernardo Grossling, natural resources adviser to the Inter-American Development Bank, in his new report World Coal Resources, published by the Financial Times.

The chief hope for new coal discoveries, says Dr. Grossling, is in South America and Africa. More than 70 per cent of world coal production takes place in developed economies.

# Farmers 'must protect wild life'

BY ELAINE WILLIAMS

FARMERS WHO wish to reclaim land for agricultural use should be forced by law to protect wildlife and country landscapes, says the Countryside Commission.

The commission—which has rejected the Government's latest proposals on nature conservancy—believes that a voluntary system of preserving the countryside will fail. Lord Winstanley, the commission's chairman, has written to Mr. Michael Heseltine, Environment Secretary, calling for stronger measures.

It wants more comprehensive arrangements based on a clear designation of sensitive areas, ministerial powers to step in where voluntary efforts have failed, and a new system of grants, agricultural grants and subsidies.

The commission believes that the Government's plans will fail because the farming community

will not co-operate. An independent study by Lord Porchester in 1977 called for the protection of Exmoor. Farmers have since subjected 1,000 acres of moorland to actual or proposed reclamation.

Voluntary agreements for Exmoor have failed twice before—mainly because the National Park Authority and landowners could not agree on financial terms.

The commission is being supported by a coalition of organisations such as the Council for National Parks, the Ramblers' Association, and the Youth Hostels Association.

Mr. Alan Mattingly, Council for National Parks chairman and secretary of the Ramblers' Association, said the Government's proposals would not work because they had failed before.

He said: "In Exmoor National Park, more than 20 per cent

of the moorland has disappeared in the past 30 years mainly through agricultural conversion. The National Park Authority has called for reserve order-making powers, and the Countryside Commission—the Government's official adviser on such matters—has concluded that without additional powers the loss of moorland will continue."

**Receiver appointed at Intrepid Sealey**

Mr. Roger Harris, Peat, Marwick, Mitchell's senior partner in the Devon and Cornwall offices, has been appointed Receiver and Manager of the Intrepid Sealey Group, of Falmouth, Cornwall.

The group which employs 110 people, manufactures fishing reels and rods.

# Rolls-Royce bid to cut delays

ROLLS-ROYCE has started "operation catch-up" to try to put its civil and military aero-engine programmes back on schedule after the delays caused by the recent engineering strikes.

Development of the RB-211 Dash 535 engine for the Boeing 757 airliner is regarded as the most critical programme by the management. It is eight weeks behind.

At the Industrial and Marine Division, the Tyne engine programme for the Netherlands Navy is months behind schedule. This is partly because of a shortage of parts from subcontractors.

Mr. Bert Beattie, the division's general manager, says it will get only about three-quarters of the Avon engines it needs this year.

Deliveries from Bristol of the RB-199 military engine for the European Tornado combat aircraft will be in arrears until the end of next year.

Although an article in the latest issue of Rolls-Royce News, the company's staff newspaper, points out that there has been a good response to management appeals for extra effort to catch up on the delays, it stresses that there is no room

for further slippages.

The Dash 535 engine programme is "as tight as a drum," according to Mr. Trevor Salt, operations director of the Aero Division. Although delivery is not due until September, 1981, Rolls-Royce admits the schedule will be tough to meet.

"We certainly need to plug in every hour we can until we are back on programme," Mr. Salt says. "We have created productivity schemes to encourage higher output. Now we want everyone to grasp the opportunities these offer."

Among Rolls-Royce's problems is that many of its subcontractors and component suppliers have been slow to respond to its demands in the past year for increased production as new engine programmes have got under way.

This, and the fact that most UK companies capable of producing aero-engine parts are already fully committed to Rolls-Royce, has resulted in the company having to subcontract work to companies abroad.

One result of the delays to aeroengine programmes is that the Rolls-Royce management has been obliged to discuss revised deliveries with its main customers, Lockheed and Boeing.

# Vauxhall will import Astras

By Kenneth Gooding, Motor Industry Correspondent

VAUXHALL MOTORS is to sell its own version of General Motors front-wheel-drive "world car" and call it the Astra. The cars will be built by Opel, another GM subsidiary, in West Germany, and basically be rebadged versions of the Opel Kadette.

At present there seem to be no plans to assemble Astras in the UK even though Vauxhall apparently expects to capture well over 1 per cent of the market with the car.

The Astra will go on sale next April and be priced at around £4,000, matching the price of the top-of-the-range Chevettes and the bottom end of the Cavalier range.

Only two, relatively up-market and expensive versions will be brought to the UK—a five-door hatchback and a five-door estate car.

This is to avoid conflict with the Chevette with which many Opel Kadette models overlap. In West Germany the new Opel Kadette replaced the rear-wheel drive T-car design on which both the former Kadette and the Chevette were based. Vauxhall intends to continue Chevette output "well into the 1980s."

# Lancia automatic on sale

LANCIA'S NEW three-speed automatic transmission developed in association with Auto Products of the UK goes on sale in Britain today as a £455 option on the Beta range.

Lancia, the Fiat subsidiary responsible for the group's up-market cars, expects automatic Betas to account for about 20 per cent of the cars it will sell

for total sales of all models in 1980 is around 15,000, in the UK next year. Its target

**More UK News Page 18**

The company claims that in spite of being fitted to a car with front-wheel-drive and an

engine mounted transversely, the new transmission is nearly as light and as compact as the manual version.

The transmission is the first of its type to be built in Italy and is assembled at Lancia's Verone plant, opened in 1974 and which has a section specifically for production of the automatic transmission.

# Still sitting on the fence?

There are a lot of questions to answer before you buy a battery electric fork lift truck. They seem mysterious and complicated? Too fragile? Too expensive? And not as flexible as a diesel truck?

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# Motion on outlawing closed shop wins narrow majority

DELEGATES VOTED by a narrow majority for the outlawing of the closed shop.

A motion put forward by Mr. Richard Puttick, chairman and chief executive of Taylor Woodrow, had urged the Government to include in its proposals for industrial relations law measures to ensure that every-one had the right, without affecting their employment, not to join a trade union, or to join a trade union of their choice.

Sir Alex Jarratt, chairman and chief executive of Reed International and chairman of the CBI's steering group on industrial relations, said at the opening of the debate that the CBI supported Government proposals which, while not making the closed shop unlawful, aimed to ensure that it operated fairly. He urged members to vote against the motion because the Government's and CBI proposals had similar objectives. He said it was a politically contentious issue as well as industrially problematic given that some 5m out of 12.5m trade unionists were working in closed shops of various kinds, "which a high proportion of employers concerned seemed reluctant to disturb."

"In a free society, why should it be necessary for anyone to show they have religious beliefs, or deeply held convictions, in order to claim exemption from joining a union? Who has the right to sit in judgment on such convictions? There should be complete freedom of choice."

The closed shop was an affront to freedom, an affront to democracy, an affront to trade unions themselves by

Mr. Clifford Rose, of the British Railways Board, said the closed shop had a degree of notoriety but it would be wrong to concentrate on this aspect of trade union power.

"There have been abuses but that is no reason to sweep it all away. Too many people were using the issue as a weapon to attack trade unions, in order to see if they would fade away. He advocated improved communications with the unions.

## David Churchill and Lisa Wood report on the final session of the CBI conference.

violating human rights, he said. Some employers have agreed to the closed shop apparently because they have seen it as a working basis for peaceful industrial relations he said.

"After the strikes we have suffered this year including the recent engineers' strike, I wonder whether it is now seen in the same light." While the majority of speakers on the motion supported it, there was opposition from two areas — British shipping and the British Railways Board.

Mr. Graham Turnbull of the General Council of British Shipping, was against outlawing the closed shop. He said his industry believed it had a constructive relationship with its unions.

Mr. Neville Cooper, of Standard Telephone and Cables, said he supported the motion in principle, but would withdraw his support if he believed the CBI would press for this end in the long term. "In an ideal society the tyranny of the closed shop would have no place," he said.

However, Mr. David Ayres, of Advanced Tapes (UK), said in support of the motion, "that employers must accept responsibility for their workers and not abdicate them to shop stewards."

Mr. Colin Tickner, of Nicholson Investments, Mr. Ron Halstead, of Beechams Products, and Mr. Derek Gaultier, of the Federation of Civil Engineering Contractors, lent their support

to the motion. Mr. Gaultier said that delegates representing major companies were imposing the closed shop on other members because those "already trapped in the net" put a clause into contracts which specifically said that all members of a contracting company should be members of unions when on a job. "It is our view that any legislation should make that practice unlawful," he said.

Other speakers for the motion included Mr. David Coksey, of Intercobra and Mr. Ian Pirie of Hydralon. Mr. David Boulton, of BICC Industrial Products said that he was worried that the proposals could give extremists a rallying point against alleged anti-union legislation.

Sir John Greenborough, president of the CBI, said that because the majority in favour of the motion was so slim he would refer it back to the CBI's steering group and not pass it on as a recommendation from the conference to the CBI Council, where it would affect policymaking decisions.

A second motion supporting the CBI's proposals on changes in industrial relations legislation and its response to the Government proposals, was passed without hostilities, although Mr. John Garrod of Rite Vent, said the key to increased productivity was a united effort not legislation.

# Hardening views on collective bargaining

A HARDENING of employers attitudes over the last decade was obvious from the widespread support for a motion which called for the Government to make all collective agreements legally enforceable.

For, as Sir Alex Jarratt said in his opening of the debate, the 1971 Industrial Relations Act had tried to encourage legally enforceable agreements unless the parties deliberately chose otherwise. He said that in practice, under sustained trade union pressure, nearly all employers did just that.

He asked: "If the law is changed and you had another chance, would you use it, and enforce it?" Members in voting for the motion obviously believed that they would enforce it.

Sir Alex continued: "One thing is certain. If we do go for the legal reinforcement we must get the law right. And it is anything but simple."

He had said earlier in his speech that it would be fatal for members to stand back and pretend that laws could do the whole job for them. He said: "The law can, and should, play a part—but only a part, and then only if employers are prepared to use it. Otherwise we diminish ourselves and do damage to the whole process of the law itself."

Admiral Sir Anthony Griffin, chairman of British Shipbuilders, opposed the motion. He said it was carrying the concept of change by law too far and that communications in an increasingly complex world was a pressing problem.

Mr. Alf Gooding, of the Welsh company A. J. Gooding, who brought the first CBI conference to life two years ago, perhaps affected the mood of the conference in his speech given just before the vote.

He described how his factory was affected by the lorry drivers dispute earlier this year. In applauding the response of his workers and in describing how his factory was picketed by a man he had sacked some years ago, he said he would pay into a strike fund and support the motion.

# 'Strike fund proposals a way to change odds'

SIR ALEX JARRATT spelt out details of the proposals for mutual financial support during times of strikes. He told delegates that, since the financial odds in an industrial dispute were heavily stacked against employers, the CBI steering group had been looking at ways of changing the odds.

And he reminded delegates that the money that could be used for a mutual funding scheme was money already spent—or lost—as a result of industrial disputes.

Sir Alex told the conference: "The objectives of a mutual funding scheme are to reduce individual vulnerability to strike action by spreading and sharing the risk and the cost, and so increasing the will and the capability of any threatened company to resist unreasonable demands."

"The scheme would be open on a voluntary basis, to all CBI members and administered through a separate company set up for this specific purpose and embracing those companies wishing to be involved. It would have to be simple in concept, though sophisticated in operation."

"We have been working on it with a consortium of insurance brokers (some with experience of similar schemes overseas)

combining our industrial with their insurance knowledge and expertise.

"Already we have the idea, the broad shape, a lot of detail (not yet complete), and the knowledge that it could work."

"Time permits only a sketchy outline here, but, as we see it, the scheme would be on these lines:

● It would cover closure brought about by your own dispute or the knock-on effect of someone else's. The "someone else" could be either an independent supplier or a separately insured unit, or company within your own group.

● It would help to meet the costs you incur through loss of production (ie, standing charges during closure), but not loss of profit.

● Compensation would be speedy, to meet cash flow problems—and based upon a degree of co-insurance (ie, the insured would bear part of the cost of closure).

● There would have to be some minimum and maximum length of cover.

● The rating of risk, on which the premium would be calculated, would be critical. It has to ensure that any individual company's rating reflects its degree of risk, carefully calculated in relation to several factors—size of unit, geography,

strike record, industrial sector, union presence, dependence on suppliers/customers, and so on. We have to guard against the majority unfairly financing a relatively few, unduly strike-prone companies — whether through excessive vulnerability or plain bad management.

● There are problems (legal and otherwise) about having within a single scheme, an option to cover knock-on strikes, without covering your own, although we realise some might find that attractive. We are still working on that, as we are on some of the practical aspects attached to special clauses.

● Finally, the scheme has to have an adequate spread of risk and has to attract a wide, but by no means unrealistic, measure of support across the varied spread of CBI membership.

We are now close to preliminary conclusions about the basis of a potentially viable scheme. When we have reached them, we will test-market the scheme among a number of companies of varied size and industrial relations risk and stability. The results of that exercise, coupled with other work in hand, should help us shape a final proposal which we can lay with some confidence before council.

# Detailed planning gets go-ahead

THERE WAS overwhelming support for the resolution urging companies to take more positive action in the improvement of industrial relations.

Although the resolution did not specifically mention the proposed strike insurance scheme, support for the resolution was seen as an approval in principle for detailed planning on the scheme to continue.

Sir Alex Jarratt in introducing the debate, stressed the "importance of each of us improving our own performance as managers in the field of industrial relations, irrespective of what the rest of us are doing and irrespective of government."

He added: "If we cannot take sensible steps to resolve our

own problems, who are we to ask someone else to help us in doing so?"

The resolution was proposed by Mr. Roderick Travers, a director of Peter Brotherhood. He told delegates that whatever the CBI's success in securing changes on industrial relations law, and whatever the success of mutual co-operation within the CBI, in the end it was what companies did on their own shop floor that counted the most.

Mr. Anthony Frodsham, director-general of the Engineering Employers' Federation, said that the recent dispute in the engineering industry "proved again that companies suffer far greater damage than strikers—while unions virtually

suffer no loss at all."

The social security system, he argued, protected the striker but left the employer out on his own.

"We should support measures which impose on unions the burden of partly financing their own strikes, and which relieve the taxpayer from contributing to what is often his own discomfort."

One vivid lesson from the engineering dispute, he added, was the value of a good relationship between management and employees. In spite of the pull of union solidarity, many managers were able to persuade employees that their true interest was not best served by blind obedience to union leaders.

# New industrial relations approach needed

BRITAIN BADLY needs a new approach to industrial relations, Sir Alex Jarratt, chairman and chief executive of Reed International, told the conference.

Sir Alex was introducing yesterday's main session on a new deal for industrial relations, and giving the conference details of the work of the special CBI steering group on the issue. This steering group has been working since the beginning of 1979 to study the balance of power in industry.

Sir Alex said the steering group was concerned not just with power but with performance, responsibility, accountability, freedom and its abuse, and the "legal, social, and

industrial structures and systems within which it all operates."

The group has established four objectives for the reform of industrial relations. These are:

● To reduce industrial conflict and improve efficiency.

● To provide a framework within which industrial relations can operate with a reasonable balance of fairness between those involved—individually and collectively.

● To protect and encourage the rights of the individual and, at the same time, to create a better balance between the democratic freedoms involved in doing so and the need for

the protection of those freedoms.

● To create and demonstrate standards of industrial conduct which command the overwhelming support of the nation.

Sir Alex agreed with the strong feeling at the conference that amendments to industrial relations law were needed. "But it would be fatal for us to stand back and pretend the law can do the whole job for us," he added.

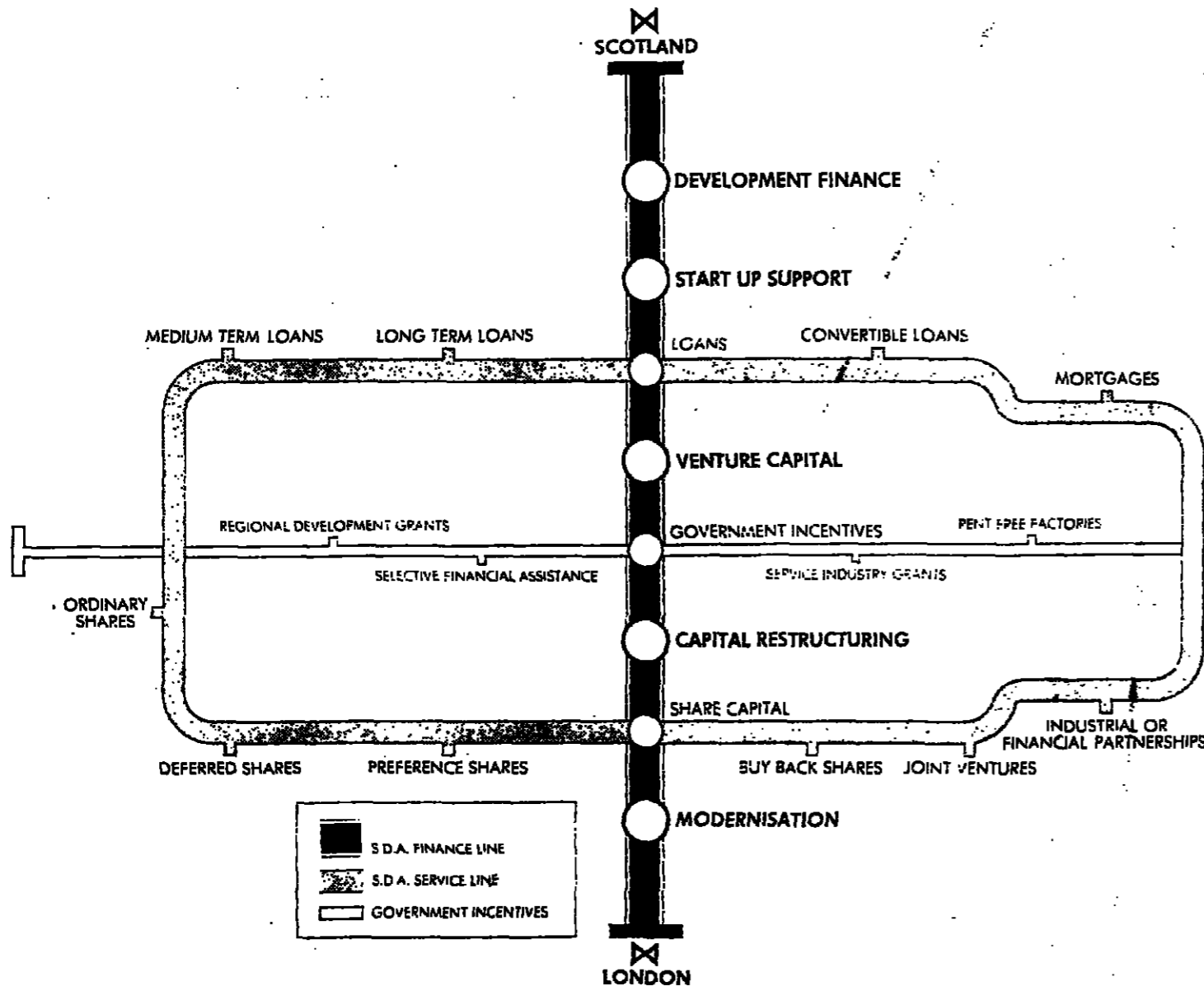
The group approached possible changes to the law in stages, he said, and the first stage identified so far was to establish areas of serious abuse and injustice which called for immediate action. The group honed-in on

four issues—and closed shop, picketing, trade union ballots, and the financing of strikes.

Sir Alex urged delegates to remember that the whole issue of industrial relations was extremely complex—both legally and conceptually. "We have only to look at previous attempts and failures of governments, of both parties, to reduce industrial conflicts to appreciate that there are no glib and easy solutions."

"We must remember that employers share at least some of the responsibility for past failures through our lack of unified thought and action and our reluctance to use opportunities offered to us in law."

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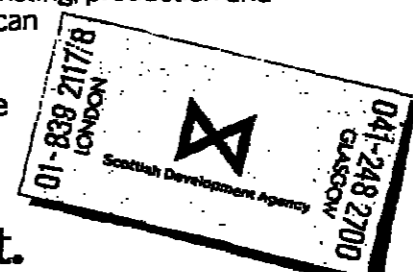
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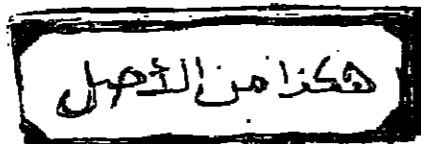
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# CBI AT BIRMINGHAM

## Ovation for tough Methven

THE CLOSING speech by Sir John Methven, the CBI's director-general, which calls for employers to stop "pussy-footing around" and start putting the economic facts of their own workforces to their own work force, was greeted by delegates at the conference with a standing ovation.

Sir John had summed up in his speech several themes which had coursed through the one-and-a-half day conference in Birmingham — one of the main ones being that employers had a responsibility to workforces in outlining the economic facts of today and the obligation to communicate that information.

He said he wanted to talk about the positive side of industrial relations, "about communicating, about winning hearts and minds, and about management responsibilities."

When the CBI talked about balancing power with strength it should be very clear about what it meant. "Let's not risk any more misunderstanding. There's been too much of that already. Too few slogans, too few ideas. What we are talking about is a firm, rational response to pressures, not about girding ourselves up for the field of battle."

"What's needed from trade and industry in Britain today — what the nation wants and deserves — is a power house for prosperity, not a power struggle that leads to even greater un-

employment, even greater poverty. "We're talking about managers behaving in a rational, professional and consistent way, meeting pressures — often unreasonable pressures — with firmness. Now we managers have to stand up and be counted: to show that we are no longer going to allow militancy to pay."

He said he was "sick and tired of the battlefields of British business. I yearn — as the nation yearns for a really united United Kingdom." He said that employers could not afford a policy of constant appeasement and compromise, of backing away from a deal struck with the moderates because of action taken by the militants.

Year by year evidence had mounted that the trade union movement in the UK was on the wrong tack. Quite rightly, he said, it was dedicated to defending the standard of living of its members. But the evidence was that the effect of their policies had been precisely the opposite of that which they intended.

Year by year British trade unions' made demands and gouged out massive pay increases with practically no increased productivity, and this year it seemed to be going to be no exception. Yet, he said, year by year British workers relative to the rest of Europe, got poorer.

He added: "The unions have

tried it their way. Now let's try it our way." As the country approached a new decade there were two alternatives facing Britain. "If ever a nation stood poised between remorseless decline and real success, between poverty and prosperity, between disintegration and moral recovery, then it's Britain on the eve of the 1980s."

"In the starkest terms, we are drinking in the Last Chance Saloon."

Sir John said he believed the people of this country were some of the most intelligent in the world. "But there is still enormous ignorance about the economic facts of life. And frankly it's largely our fault."

He said that once people have the facts, they normally choose wisely. He acknowledged that many companies have excellent communications with their employees. "But all the evidence is that there is a lot to learn and that all too often there is just secrecy and silence. I strongly suspect that some companies still have communication procedures that would make a quiet night in a Trappist monastery sound like the last night of the Proms."

With pay claims being lodged for between 20 and 65 per cent or more, he urged delegates to "get out from behind your desks, stop pussy-footing around and start putting the economic facts of your own company, in front of your own workforce."

He told delegates that it was no use grumbling that wage claims were unrealistic and that company profitability was only a third of what it was 10 years ago.

Sir John also made clear his support for holding top-level talks with responsible trade union leaders. "After all, it's already been agreed that we should sit down and work together at the December meeting of the National Economic Development Council to discuss in depth the economic prospects for Britain and the world."

"I hope we will be able to build now on a side of our relationship that still gives me room for hope but I say to the TUC, with the greatest respect, that we must try and seek positive common ground where we can work constructively together to stamp out inflation, to achieve economic growth, and to move towards a high earnings, high productivity, and high employment economy."

His final message for delegates was to leave the conference and to evangelise the benefits of creating the conditions for real wealth and prosperity.

"Let's go out from this conference today and wake up and lead this moderate but complacent country of ours to the prosperity, freedom, and the caring society that everyone of us here knows is possible and wants so much."

## Pet subject given pride of place

BY HAZEL DUFFY

INDUSTRIAL RELATIONS — the subject which most delegates had been patiently waiting for — finally claimed its rightful place at yesterday's conference session.

Any delegates who just might have had any doubts about the importance of the subject were firmly reminded of the recent past with an edition of the Engineering Employers Federation's latest bulletin on every seat asking the rhetorical question: Whose Victory?

If many people at conference privately held the view that employers' solidarity in the engineering strike had proved less durable than had been hoped for, they charitably didn't say so. This was the occasion for trying to do something about the posi-

tion in which employers will undoubtedly find themselves in the future.

Sir Alex Farratt, set the scene with his near statesman-like summary of the work that his group is undertaking to restore some of the power that has lurching into the hands of the unions.

Resolution 11, which could become to the CBI what proposition 13 did for the State of California, did not actually mention the closed shop, but conference was in no doubt that was what it was all about. Indeed, Sir Alex made it clear in his summing up that if conference voted for the resolution it would be asking for the immediate outlawing for the closed shop.

Most of the debate was notable for its responsible and

reasonable tenor — the descriptions of the tyranny of the closed shop and the violation of human rights being countered by other speakers who suggested that the furor engendered by the subject could usefully be directed towards encouraging greater co-operation with the unions.

Any temptation to slip into a simple union bashing was studiously avoided and the closeness of the vote reflected the serious tone of the debate.

Sir John Greenborough allowed himself one little indulgence with a suggestion that perhaps next year conference should adopt the secret ballot.

In fact, it didn't turn out quite as close as first announced — a simple addition sum by unusually astute

journalists pointed out the discrepancy of the figures called out by the fella.

The final figures were 387 in favour to 321 against, a split not reflected on the platform, four of whom voted in favour and 14 against.

This, and the subsequent debate on the legal enforcement of collective agreements, was the chance for the grass roots to make known their feelings. No doubt the upper echelons of the CBI will be doing some assessments of the representativeness of conference. After all, under the endearingly simple one-man/one-vote system of the conference the widget maker from Warrington has the same voice as the ICI, GKN and other large members of the CBI.

هكزان السفر

## If any other airlines ever introduce low-cost fares to Italy, we hope they'll prove as popular as ours have.

Alitalia's 1979 low-cost fares to Italy			
DESTINATION FROM LONDON	APEX RETURN	NORMAL TOURIST CLASS RETURN	APEX SAVES YOU
Genoa	£76.50	£192	60%
Milan	£75	£191	60%
Naples	£93	£268	65%
Pisa	£81	£210	61%
Rome	£87	£249	65%
Turin	£75	£191	60%
Venice	£81	£214	62%

APEX fares — minimum stay in Italy 7 days, maximum 3 months. Fares effective November 1st. Subject to Government approval. Subject to change without notice.

and travel on your choice of any of our scheduled flights. And as an extra bonus we can also save you money if you wish to rent an Avis car there. See your Alitalia appointed travel agent for more details or complete the coupon below.

To: Alitalia, Dist. Dept., 251 Regent Street, London W1R 8AQ. Please send leaflet on how to save money to and throughout my visit to Italy (Offer applies to UK addresses only)

Name \_\_\_\_\_

Address \_\_\_\_\_

## Alitalia

Having run low cost fares to Italy for many years we can fully appreciate why some other airlines are attempting to follow suit. With Alitalia's APEX you just book and pay for your flight one month in advance, fly London — Italy direct,

# Isn't it time your company got its expenses together?

25 / 9 / 1979

REFERENCE NUMBER	LISTING OF CHARGES AND CREDITS	STATEMENT OF ACCOUNT	PREVIOUS BALANCE
0574227	PAYMENT RECEIVED — THANKYOU		372.24
0516074	BRITISH AIRWAYS		94.50
0770064	NOVA PARK HOTEL ZURICH		
	250.58 SWISS FRANCS BILLED AS		73.43
0000334	HERTZ RENT A CAR AG		
	118.69 SWISS FRANCS BILLED AS		34.75
0700064	STROGANOFF BEST ZURICH		
	182.87 SWISS FRANCS BILLED AS		53.59
0700064	HUNSTRETE HOUSE HOTEL		27.10
PREVIOUS BALANCE		372.24	372.24
NEW CHARGES		283.37	283.37
NEW CREDITS		372.24	372.24
NEW BALANCE		372.24	372.24

372 900 29 91006  
AVAILABLE ON EXTENSION 6350

The statement above details an American Express Company Cardmember's business trip to Switzerland.

He avoided the need for a large cash advance or company cheque by charging the air ticket to the American Express Card. He not only saved himself time and trouble, he automatically gained £35,000 Travel Accident Insurance free of charge.

When he booked in at his hotel, he told the receptionist that he'd settle the bill by Company Card rather than Swiss currency.

There were some people arranging a cash deposit at the car hire desk when he arrived. They were still there when he drove away in his hired car to a meeting outside Zurich.

After a successful meeting, he entertained his client for dinner at a restaurant in the city, where the Card was again welcomed.

But it's his company who benefited most of all. Because throughout the trip he looked and acted like a professional businessman.

He didn't get tied up in lengthy discussions about currency exchanges or cheques. And with no pre-set spending limit on the Card, he didn't have to worry about running out of funds.

He just got on with his job efficiently, and let the Company Card take care of the details.

About four weeks after he returned, his company received the statement of account above, together with uniform detailed receipts of each transaction.

At the same time similar statement packages were sent for all their other Cardmembers. From sales managers to the company chairman.

A summary statement provided the accounts department with a clear overall view of all the previous month's expenses. Which they settled with a single cheque.

The individual statement is only one facet of the simplest, most efficient system for dealing with business expenses.

For fuller details of how the American Express Company Card System can be tailored to meet your company's own special needs, just cut out the coupon.

And start getting your company expenses together.

To: The Manager, Company Cards, American Express Company, Freepost, P.O. Box 91, Brighton BN2 1ZQ.

Please let me have further details of the Company Card System for 10 or more employees regularly incurring business expenses.

Name Mr/Mrs/Miss \_\_\_\_\_

Position \_\_\_\_\_

Company/Name and Address \_\_\_\_\_

FYSA

If you would like details of the system for 1-9 employees only please tick

## The American Express Card for Companies — it's more businesslike.

American Express Company Incorporated with Limited Liability in the USA, 14, Queen's Road, Victoria Embankment, London, England and Ireland

UK NEWS—LABOUR

Post Office engineers reject strike ballot

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE engineering workers yesterday rejected an attempt by moderates to change union rules so that members would be balloted on whether to take industrial action...

Civil Service Union rejects merger plan

BY PHILIP BASSETT, LABOUR STAFF

MERGER PROPOSALS from Britain's biggest civil service union, the Civil and Public Services Association, have been rejected by the smaller Civil Service Union because of differences in size and structure...

After Hunterston . . .

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT has now embroiled itself on two-fronts, one by accident, the other more by design, in the sensitive issue of dock labour.

Lords reserve blacking appeal judgment

RECENT TRADE union law did not give unions a licence to injure "neutral and powerless" third parties not directly involved in an industrial dispute...

Smallpox death summons fails

BIRMINGHAM University was cleared of blame yesterday for the death from smallpox in July last year of Mrs. Janet Parker, 40, a medical photographer.

Linwood decision stands

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at Chrysler UK's Linwood plant have failed to persuade the management to rescind its decision to sack 1,250 workers.

Shipyard men warned on orders

BY OUR LABOUR STAFF

UK SHIPBUILDERS should keep to delivery dates if they wanted British shipowners to place more orders with home yards...

New London Transport unit

LONDON TRANSPORT has set up a central productivity unit to increase efficiency.

There are two No.1 computer companies. If you don't know the difference, it could be costing you money.

Your DP specialists have known us for years. But it's now time for you to meet us - Digital Equipment. We're the company that brought the computer out of the air-conditioned room into the real world.



employees. How we can help you get a better management overview and the clearest, most up-to-date situation reports ever. And the comprehensive nature of our capability - right down to guaranteed service contracts, which no other company offers.

Digital Equipment No.1 (But not the one you first thought of)

COMPANY NOTICES

Banque Nationale de Paris in Rotterdam. Banque Nationale de Paris is increasing its activities in the field of assistance to international trade...

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. THE COMPANIES ACT, 1985. BARBER & DOBSON GROUP LIMITED.

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ATTENTION PENSION FUNDS INSURANCE COMPANIES DEVELOPERS. COTE D'AZUR. CAP D'ANTIBES. GENUINE PROVENCAL MAS (small farmhouse)...

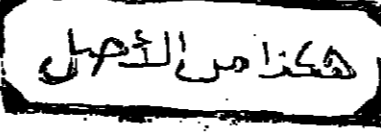
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The body of... (Vertical text on the right edge of the page)



The bodyshell of the Renault 14 hanging in the Arts Centre Beaubourg, Paris. The finished piece is on view at your local Renault dealer.



**The French think it's a work of art.**  
Even without sculpted seats, rear fog light, quartz clock, electro-magnetic centralised door locking, rev counter,

rear windscreen wiper, tinted windows, 1360c.c. engine, head restraints, electric front windows.



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The Renault 14 TS, £4044 includes 15% VAT, 12 months or 100,000 miles. For details of Fleet sales, business and professional leasing or a brochure, write to Renault UK Ltd, Box 7, London W3. For export details, write to Renault UK Ltd, Newcastle, Tyne and Wear. For a copy of our 435 dealers about low rate Renault Loan and Insurance plans West End showrooms.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## DATA PROCESSING Data is carried by light beams

WHILE A good deal has been said about linking computer central processors and their peripherals by high capacity glass fibre light guides, the recent announcement by IBM scientists in Zurich that they had evolved a way of transmitting data between such units by broadcasting it on infra-red wavelengths is novel.

This experimental work could prove useful for the increasing number of computer systems that employ small, local terminals performing individualised tasks, such as sorting cheques, controlling movement of inventory, supervising the activities of industrial robots, etc.

Wireless data transmission may be especially suitable in large room offices and factory floor or warehouse environ-

ments. Radio waves also could be used for wireless data transmission, but infrared waves are not susceptible to electronic interference, and are more easily confined to transmission within a desired area of reception.

Experiments were conducted at the Zurich Research Laboratory with a 64,000-bit per second infrared transmitter and receiver using carrier modulation as in radio broadcasting. Scientists visualise an infra-red data communications system in which each terminal on the floor of the working area would be equipped with light-emitting diodes (LEDs), for sending the infrared signal, and photodiodes for receiving.

LEDs are small and cheap devices that can be made to emit most of their light in the

### PROCESSING

## Keeps the beer bright and clear

ONE OF the most difficult problems in brewing is the recovery of bright beer from conditioning (or lagering) tank residuals, traditionally known as "tank bottoms." These residuals, which contain a mixture of dead yeast, protein matter and perhaps finings (isinglass) are drawn off from storage tanks for treatment principally to recover as much beer as possible from the slurry.

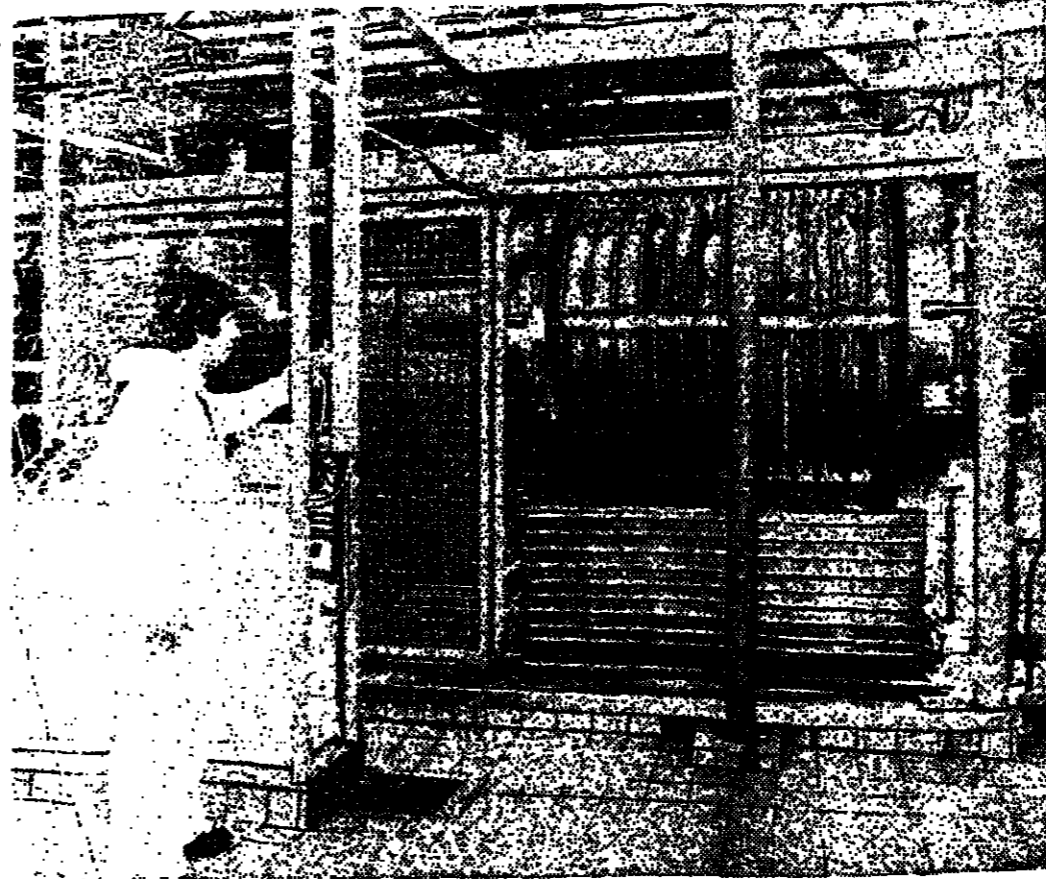
Problems arise because solids present in tank bottoms can be as high as 25-30 per cent on a volume/volume basis and they have an extremely "blinding" character.

Stella-Meta Filters (Permutit-Baby) tackled the problem and solved it with a high solids separation / de-watering OMD filter system.

The first order for production Stella-Meta OMD filter units was placed by Scottish and Newcastle Breweries for tank bottoms beer recovery duties at its New Fountain Brewery, Edinburgh, after an intensive initial proving programme and subsequent operation on a regular production basis of a pilot scale unit over a 10-month period.

The brewery now has three 200 square foot OMD filters in operation—two at New Fountain and one at the group's Tyne Brewery, Newcastle.

Comparable systems are also in service with, or on order for, a



A Stella-Meta OMD filter discharges de-watered cake at the end of its operating cycle.

number of other UK and overseas breweries. Some of these selected the filter after seeing its capability to recover bright beer in Edinburgh.

This design is a horizontal tank pressure filter fitted with vertical elements which comprise circular leaves covered with heavy synthetic fibre textile membranes. The leaves are mounted into side drainage manifolds to promote unhindered cake discharge.

At the end of the filtration

cycle, and prior to discharge, the cake is compressed and de-watered by means of a patented diaphragm system. These diaphragms are flexibly mounted, one opposite each leaf face.

The filter cake builds up on the elements until contact is made with the diaphragms, whereupon the surface area available for flow is greatly reduced. The filter leaves and diaphragms are normally set to permit the build up of a 50 mm

(2 in) thick cake on each filter leaf face.

At this terminal stage the flow rate will fall, while the pressure differential across the system increases, the cake being compressed by the flexibly mounted diaphragms. The filter is opened and the compressed cake is vibrated from the leaves using the Modulair vibrator system.

Permutit-Baby, 632, London Road, Isleworth, Middlesex, TW7 4EZ. 01-560 5199.

## War of the giant machines

ANTICIPATED mid-term enhancements to the top of the range IBM machines, announced in the U.S. at the weekend, reveal the existence of two new N-series processors that have 1.3 to 1.8 times the performance of the 3032 and fall in the category of machines around the £1m level.

Interesting in the announcement is that the new units can be expanded on site to turn them into 3033s, 3033s, with attached processor and multiple 3033s. This means, in effect, that the top of the range group increases from three to notionally five machines. Underlining this impression is the fact that IBM has also announced price cuts of 20 per cent on the 3032 and 3031 processors (and one of 15 per cent on the 3033).

Deliveries of the new machines to customer sites in the U.S. will begin in the first quarter next year. Upgrading will start one year later.

The same delivery schedules apply in Britain and the new machines will be built both in Havant and in Montpellier.

A typical system with 8m characters of main memory, 12 channels and certain other essential components will sell in the U.S. at \$2,365,000 and in Britain at £1,105,964, rental in this instance being £47,167 per month.

Just to illustrate how closely all the moves of the industry leader are being watched and paralleled, Amdahl announced in London, before IBM UK was ready with full information on

## Help in making blends to complex formulae

MIXING OF raw materials to produce a suitable blend for the final product is an activity carried out in a variety of industries from steel to food, paint and chemicals.

Specialists have often spent thousands of man-hours working out the parameters of the blend but when it comes to production, a shortage, or a fluctuating cost of raw materials, can cause problems if the end product mix

is to remain within its specification and within sensible price levels.

To overcome this, Seicon Computer Services of Milton Keynes has developed SCIMIX—a computer method aimed at producing least-cost formulations in any process where raw materials are blended together.

Available as a complete service, together with professional advice on the use of the

system, it can be tapped via the Seicon bureau in Milton Keynes, or by computer terminals at Seicon regional offices, or on the user's own premises. The user does not require specialist computer knowledge in order to use the system.

SCIMIX is capable of solving a multi-blend problem, that is a problem of matching several blends simultaneously. This has particular application where one is trying to allocate limited stocks of available materials to several blends in the best overall way, thus promoting better efficiency and higher cost effectiveness in production.

Users can operate the system in a question and answer mode

and automatically calculate the most economic solution for the process formulated from the given information.

The purpose of cost evaluation is to test the usefulness of a particular raw material at various price levels. Usefulness is taken to be the amount of the raw material used in the particular blend or blends being evaluated. The resultant information gives the true value of a raw material in the blends that are being made, thus enabling the correct mix of raw materials at least cost to be established in order to meet an overall final product specification.

Seicon at Brick Close, Kilm Farm, Milton Keynes, MK11 3EJ. 0908 565656.

**The Queen decorates Norgren Air Aces**

Makers of the unique Olympian 'plug-in' system and world leading suppliers of compressed air processing equipment.

## PACKAGING Where the labels go

APART FROM their wide use in the retail trade, self-adhesive labels are being used more and more in the rapidly growing computer and business administration markets.

New applications and uses for self adhesives are being discovered all the time—in industry, commerce, travel, etc.—and these are the subject of a market report produced by Labels and Labelling, 10 Torrington Drive, Potters Bar, Herts.

"A guide to the use and market applications for self-adhesive labels" contains information about some 90 uses which it hoped will be of value to label producers and users.

## Printing on labels

ABLE TO print or overprint variable and standard information on to any type of flexible labelling product, self-adhesive, heat-seal and gummed labels, perforated tickets, tags and sew-in cards, is the Centaur from Norprint, 98, West Street, Boston, Lincolnshire (0205 65161).

Type of material used for tickets or tags presents no problem to the printer which can handle any problem paper, board and fabric, says the maker.

It is supplied with either a rewind unit which automatically rewinds the printed items into a reel, or a guillotine with stacker which enables them to be cut singly or in various multiples and stacked.

Equipment includes a special interchangeable duct linking system which allows the ink colour to be changed within three minutes and no "washing down" is required as ink can remain on Centaur for extended periods.

### INSTRUMENTS

## Will sense overheating in circuits

RATHER THAN protect the area or room in which electronic equipment is installed, a device from Fire-Reliant of Southport is small enough to be mounted in the equipment itself.

It is based on miniature, one shot, temperature sensitive closed circuit switches which cut power if overheated.

There is no chance of the

contacts becoming welded, which is possible with conventional thermostats; each device, measuring only 11 by 4 mm contains a solid heat-sensitive chemical pellet which melts and flows at a closely controlled and predictable temperature. Melting of the substance allows an otherwise restrained trip spring to break the electrical contact positively and permanently.

Two of the devices are installed, one operating at a higher temperature than the other—one will give an "early warning" alarm and if no action is taken the other will be triggered (to cut the power supply) at the higher temperature. Available temperature range is from 63 to 242 degrees C.

Upper Aughton Road, Southport, Lancs. (0704 64617).

## Controller for sheet extruders

A PROFILE control unit which operates with the established 8000 Series microcomputer measurement and control system can now be supplied by Nuclear Enterprises, Bath Road, Beenham, Reading RG7 5PR (073 521 2121).

Continuous thickness measurements across the extruded

sheet are precisely related to calculated zone averages corresponding to the die bolts of the extruder. Each average in turn is compared to a target value for that zone and the deviations transferred to the profile controller.

The data is then translated into signals to adjust the individual dimensions of the

Autoflex die lip to provide flat or special profiles.

Control is co-ordinated with a haul-off speed control for optimum rates of average thickness and profile.

A considerable improvement in product quality is claimed, combined with savings in raw materials—an increasingly important consideration.

### PHOTOGRAPHY

## Prints in colour at high speed

AGFA's Colormator 7565 can turn out 14,000 colour prints an hour and is claimed to be the fastest high-performance automatic printer in the world.

It accepts 110, 126 and 135 size films and rolls of colour paper in these different widths. High print quality is guaranteed by an integral ADK (automatic density correction) selector which is standard equipment.

The new machine is simple to operate and its automatic functions prevent errors.

Annual capacities of up to 20m exposures are being obtained with the Colormator 7560, predecessor of the new machine. Users can expect higher economy with the latter because of its large paper capacity: the magazine of the printer holds a roll of paper 550 metres (1,805 feet) long. Printing is possible on paper rolls 7.6, 8.9 and 10.2 cm (3, 3 1/2 and 4 inches) wide.

Colour results have been further improved by considering density and colour dominants in negatives and the 7565's new lighting system is a major factor in achieving high capacity.

Arfa-Gevaert, 27 Great West Road, Brentford, Middx. 01-560 2131.

**LET YOUR BUSINESS GROW IN INDUSTRIAL CUMBRIA**

For details contact: Bob Childes, Industrial Promotion Officer, Cumbria County Council, 84 Warwick Road, Carlisle, Cumbria CA1 1DZ. Telephone: Carlisle (0228) 23456.

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... just wouldn't be the same without

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... because ice enhances the clear, crisp

... Martini's unique blend of fine herbs and

... and Martini simply is the only

... well drink to that.

**MARTINI**

Extra Dry. The only

هكذا من العنبر



## Shouldn't the car outside your office match your performance inside?

The Vauxhall Carlton two-litre is no slouch by anyone's standards.

From standstill it can reach 60 mph in as little as 11.2 seconds.

And thanks to its classic aerodynamic shape, it will go on accelerating to a top speed of 107 mph.\*

Nor is the car any cause for concern at the Department of Energy.

At a steady 56 mph (is there anyone who actually drives at a steady 56 mph?) the Carlton returns 38.7 mpg. More realistic, perhaps, are the returns on a steady 75 mph: 30.7 mpg, and on the Urban Cycle: 24.4 mpg.

### IT GETS ON WITH THE JOB WITHOUT MAKING A SONG AND DANCE OF IT.

While the speedometer provides visible proof of the car's performance, there are thankfully none of the more intrusive reminders.

Wind noise, for example, is uncannily low, even at speeds well over the legal maximum (that slippery shape again).

Road noise, too, is suppressed at source by generous heavy duty rubber bushings in the suspension.

While the passenger compartment is still further insulated from noise of any kind by the wall-to-wall cut pile carpeting (it even has separate underlay).

Handling and braking, thanks to all-round coil springs and dual circuit brakes with front discs, are equally impeccable.

### IT'S WELL APPOINTED, BUT WITHOUT BEING FLASHY.

Carlton is so well equipped that the only options you can ask for are power steering, alloy wheels and a sunshine roof.

Everything else you might regard as being important is already present.


The seats are covered entirely in rich velour cloth, but have just the right degree of firmness (important for long distances).

You can even adjust the driver's seat for height, as well as for reach and rake.

Adjustable head restraints are standard at the front while a central armrest is standard at the rear.

There's a push-button radio, quartz clock, cigar lighter and two-speed wipers with intermittent wipe.

And a comprehensive (but thankfully comprehensible) heating and ventilation system with a four-speed blower fan.

Look over a Carlton at your nearest Vauxhall dealer. **VAUXHALL**  **CARLTON**

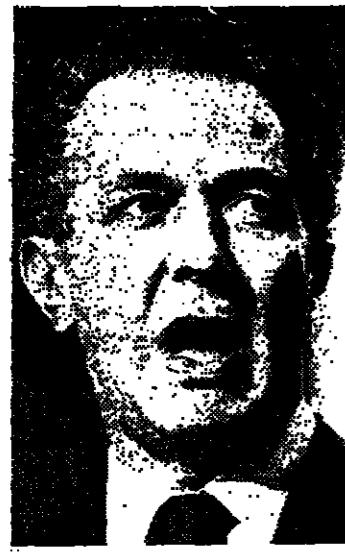
We think you'll find that it's a remarkably good match.

UK NEWS—PARLIAMENT and POLITICS

Mortgage rates likely to rise in January

BY JOHN HUNT

NEB to decide sales timing



Sir Keith Joseph

DECISIONS ON the timing of the disposal of particular assets by the National Enterprise Board will not be dictated by the Government, Sir Keith Joseph, the Industry Secretary, assured the Commons last night.

THERE IS very little hope of preventing an increase in mortgage rates in January, Mrs. Margaret Thatcher told the Commons yesterday when she clashed with Mr. James Callaghan, leader of the Opposition, during Prime Minister's question time.

Mr. Prior told the Commons: "We are now entering into a pretty fierce world recession with the number of unemployed already twice what it was in 1974. I must say I think the outlook is pretty bleak."

came back down from 14 per cent to 12 per cent. "Do you expect it to come down?" he asked bluntly.

hope of getting down the proposed increase in mortgage rates. "But had this Government undertaken the expenditure proposals of the previous Government then borrowing would have been infinitely greater, taxes higher—both income tax and Value Added Tax—and interest rates even higher than they are now."

Thatcher had to say to people who would be unemployed. The Prime Minister reminded him that Mr. Denis Healey, when he was Labour's Chancellor of the Exchequer, had said that no one could predict with any hope of accuracy the path of unemployment over the next few years.

lady, but as a myopic petty little timid dictator. Mrs. Thatcher told him that no Government could keep yesterday's industries in existence unless they were competitive with overseas industries.

another appeal for unions to avoid strikes during the coming winter. He warned that Britain was no longer in a strong enough position to weather prolonged strikes and lock-outs. "We simply cannot afford that luxury."

Benn predicts disaster

By Our Parliamentary Correspondent

COMPLETE STATE ownership of North Sea oil and imposition of import controls to protect British industry were advocated yesterday by Mr. Anthony Wedgwood Benn. He predicted that the Government's industrial policies would end in disaster.

Public urged to back Ulster proposals

BY PHILIP RAWSTORNE

MR. HUMPHREY ATKINS, Northern Ireland Secretary, yesterday appealed directly to the people of the province to support his attempt to break the political deadlock in Ulster.

Insider dealing changes

By Christine Moir

AMENDMENTS TO the Companies Bill which will make insider dealing a criminal offence, will be tabled as soon as possible, Mr. Cecil Parkinson, Trade Minister, said on the first day of the committee stage of the Bill yesterday.

Tebbit orders Pool Fisher inquiry

THE TRADE Department has launched a preliminary inquiry into the loss in the Channel of a British coaster in which 13 people are feared dead, MPs were told yesterday.

Technology job fears 'unrealistic'

NEW TECHNOLOGY should not lead to the massive levels of unemployment predicted by some forecasters, Lord Gowrie, Employment Minister, said yesterday.

Potash

Mr. Tebbit added that his department had been examining for some time the possibility of introducing electronic position indicating radio beacons.

Rescue

Two survivors had been rescued and two bodies had also been recovered. Fourteen crew and one passenger had been aboard the ship when she capsized and sank west of the Isle of Wight.

Tehran embassy 'outrage'

BRITAIN IS determined to maintain its Tehran Embassy despite the "turbulent, confused and dangerous" situation in Iran, Mr. Douglas Hurd, Foreign Office Minister, told the Commons yesterday.

London Clearing Banks' balances

as at October 17, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

London Clearing Banks' balances

as at October 17, 1979

Table 1: AGGREGATE BALANCES. Table 2: INDIVIDUAL GROUPS OF BANKS' BALANCES. Table 3: CREDIT CONTROL INFORMATION. Includes columns for Total outstanding, Change on month, and various bank categories.

Advertisement for World Courier and Eurolink. Text: "Another 1st. for World Courier. Only World Courier collects vital documents up to 6pm. for delivery to New York and most major European destinations by 9 to 9-30am. the following day." Includes Eurolink logo and contact information.

Advertisement for banking services. Text: "Banking...". Includes details about clearing banks, credit control, and various financial services.



APPOINTMENTS

Kayser Bondor chairman change

Dr. G. E. Turner has been appointed to the Board of KAYSER BONDOR as chairman...

The INDEPENDENT BROADCASTING AUTHORITY has appointed Mr. James Conway to the new post of London area officer.

Mr. Henk Beltzner has been appointed managing director, designate of DUNLOP ENKERSKA BV, Drachten, Holland...

Mr. Jack E. Banister has been appointed vice president broadcast systems Europe, the Middle East and Africa by ECA INTER-NATIONAL LIMITED (UK).

Mr. Frank X. Marshik has been named a vice-president of worldwide sales by the POLL-MAN KELLOGG division of Pullman Incorporated.

Mr. Jack Bevins has been appointed company secretary and Mr. Neil Kershaw, chief accountant of COMPOUNDING INGREDIENTS, Manchester.

Mr. Philip G. Edwards has been elected to the Board of DEBRETTS PEERAGE. Mr. Edwards is an investment adviser with offices in London and Zurich.

Mr. Trevor Williams is to become Director of the HENLEY CENTRE FOR FORECASTING from January 1. He is at present an adviser on technology projects to the Scottish Development Agency.

The Board of BROWN JENKINSON AND CO. of Banking has re-structured its executive role and the following responsibilities have been established...

Mr. David E. Nye has been appointed director of finance for...



Mr. John Hancock

Banking figures

Table with columns for Bank types (UK, Overseas, Consortium), Reserve assets, Constitution of total reserve assets, and Ratios (%). Rows include UK banks, American banks, Japanese banks, etc.

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £366 million (+60%).

appointed executive director, administration, and Mr. Michael K. O'Connell, executive director, corporate finance, of CHEMICAL BANK INTERNATIONAL.

The following five exchange executives have been appointed by the CHICAGO BOARD OPTIONS EXCHANGE to new management positions.

Three directors of GEC COMPUTERS are to have new responsibilities in a reorganisation of the company's board.

The Prime Minister has appointed Lady Pamela Hartwell as a trustee of the BRITISH MUSEUM.

Mr. J. T. D. Williamson has been appointed an additional director of BUNZL PULP AND PAPER.

Mr. M. J. Cattermole has been appointed financial director of TURNBULL GIBSON TRAVEL.

Mr. Jan Brockert has been appointed commercial director of NEWBY AND EYRE.



Mr. David Acheson

BSM chief executive

Mr. David Acheson, until recently chairman and managing director of Kentucky Fried Chicken (GB), has been appointed chief executive of the BRITISH SCHOOL OF MOTORING in diversification moves by BSM.

CONTRACTS

Marconi wins £4m RAF order

MARCONI SPACE AND DEFENCE SYSTEMS, a GEC-Marconi Electronics company, has been awarded a £4m contract by the Minister of Defence to supply second-line automatic test equipment to the Royal Air Force.

Following a recent order placed by the Danish Savings Bank for Olivetti equipment, BRITISH OLIVETTI has won an order worth £735,800 to supply the TSB with 120 Olivetti TC300 intelligent terminals.

WATKINS-JOHNSON CO. Windsor, Berks, manufacturer of electronic systems, has been awarded a contract valued at more than \$4m (\$2m), by the Naval Surface Weapons Center, Dahlgren, Virginia.

MAN-VW TRUCK AND BUS has won a contract worth over £500,000 for the supply of 10 MAN SR230 coaches to Park's of Hamilton. The 13-metre-long vehicles, scheduled for delivery early in the New Year, will be the first to go into operation north of the border.

Six contracts totalling over £130,000 have been placed by the maling industry for 16 URQUHART CXA low NOx burners ranging in size from two to 16m Btu/h.

DIXONS PHOTOGRAPHIC has signed a contract worth £1m with INTERNATIONAL COMPUTERS for the supply of 225 of the new 9512 point-of-sale terminals and six 9540 terminal controllers.

BIRLEC has received an order worth £100,000, from Ardel, industrial fastener manufacturer, Welwyn Garden City, for an electrically heated mesh belt conveyor furnace to be used for normalising and annealing of bolts, rivets, collars and various other fasteners in a wide range of sizes.

Banking figures

Large advertisement for Energy Conservation with the headline 'Energy conservation is a profitable business' and an illustration of a smiling lightbulb character.

Energy conservation makes sound financial sense—because obviously the less energy you waste the more money you save.

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This unique facility has helped train thousands of managers from industry, commerce and local authorities to save fuel.

Gas Energy Management Awards

These awards are presented to those partnerships of industrial or commercial organisation and gas region Technical Consultancy Service which have made outstanding contributions to the efficient use of gas.

Energy Advice Centre

A British Gas Energy Advice Centre is now open in Birmingham; it has proved an instant success and is helping many industrial and commercial concerns, public authorities and students, as well as the general public.

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UK NEWS

NEWS ANALYSIS — THE POST OFFICE BY JOHN LLOYD

Customer hopes rest on productivity

THE POST OFFICE is feeling defensive about the wide range of price rises in both posts and telecommunications which it announced late last week.

Productivity, therefore, emerges as the key to relieve the postal customer. Sir William Barlow, the corporation's chairman, last week pledged to put his full weight behind a pro-

Office approach is that you give us productivity now, and we'll give you the money later, and my lads aren't interested.

increases in charges for business services, is needed on two counts.

fall of 5 per cent in costs and become completely self-financing.



Sir William Barlow—backing for productivity drive.

After a series of hostile questions, Mr. Jackson, who was a postman higher grade (sorter) for some 17 years, allowed his usual good humour to slip. He gave his audience a glimpse of the resentments which have so far prevented acceptance of productivity packages—low pay; desperately unsocial hours; rising overtime; threats to "de-skill" the job by introducing casual labour and household circular deliveries.

The telecommunications business has been set stringent targets. It must show a 6 per cent return on net assets, a real



Mr. Tom Jackson—listed the postmen's resentments

The main benefit expected from this is that it would shift the burden of future investment away from present customers to future customers (who will pay for the investment through interest repayments when they are subscribers instead of the present method of financing that investment in which investment costs are wholly met by the charges paid by today's subscribers.

Mr. T. Jefferson Cunningham, the new chief executive, says there is "a great deal of room for Orion to do more work with its shareholders than it has done in the past."

Orion's shareholders are Chase Manhattan Bank, Credito Italiano, The Mitsubishi Bank, National Westminster Bank, the Royal Bank of Canada, and Westdeutsche Landesbank.

Mr. Cunningham says that Orion will continue to develop activities in its own right in international investment banking.

The price increases raise important questions. To what extent is it right that the Post Office should be the target of such attacks? Are its explanations for its troubles and its price rises justifiable or are they merely self-serving?

First, the two sets of rises—although they happen to coincide—are different in nature. Postal prices went up last year by 1p. Last week it was proposed to raise them a further 2p in February.

The reason in both cases was straightforward. As labour costs rise, and as postal business costs are 80 per cent attributable to labour, then the price of stamps must rise, or productivity must improve or both.

ductivity and efficiency drive which had already started.

Later that evening, Mr. Tom Jackson, general secretary of the Union of Post Office Workers, told the annual dinner of the Mail Users' Association that he was ready to talk on productivity. But he said: "The Post

'Battered' law criticised

POLICE AND judges are implementing the Domestic Violence Act in a fickle manner, says a guide on the working of the new law.

The Act, which became law in 1977, was designed to give women better protection by allowing the police to arrest men who broke injunctions imposed by the courts to prevent battering.

The guide states: "It is clear that judges in some courts are only willing to grant injunctions where there has been some violence, and that they do not frequently enough attach the necessary power of arrest to an injunction."

"Many police officers are unwilling to use the power of arrest even if it has been attached."

Britain needs more high quality restaurants, says tourism chief

BY JAMES McDONALD

BRITAIN, particularly Scotland, urgently needed more high quality restaurants if tourism was to continue to flourish, Sir Henry Marking, chairman of the British Tourist Authority, said in Edinburgh yesterday.

He told students at a seminar organised by the Hotel and Institutional Management Association that British hotels' cooking and service had a reputation for years of being among the worst in the world. But that was before the advent of the hotel and catering schools which, for the past two decades or so, had provided industry with

trained professionals.

Year by year the numbers of unskilled foreign hotel and catering industry employees had fallen consistently, to be replaced by our own skilled people. Today, said Sir Henry, the standards by Britain's hotels and restaurants were on a level with the world's best.

But he emphasised the importance of value for money if Britain was to remain at the top of the world's tourism league.

"I certainly have no wish to tell the trade in Britain what it should charge for its services, but I do tell it this:

If we don't continue to offer value for money at all price levels, then we shall certainly kill the tourism goose which lays so many golden eggs for Britain.

"There are too many other countries waiting to pick up our share of the world tourism market and our own people will holiday abroad in even greater numbers where they can be assured of high standards, good service and value for money."

Tourism, said Sir Henry, was now one of Britain's major foreign currency earners. Some 12.5m visitors from abroad spending about

£3.5bn were expected this year, while about 1.5m people throughout the country depended either directly or indirectly on tourism to earn their living. By 1985 the number of people employed in tourism could be as high as 1.75m and tourism earnings about £6bn a year.

Canal calls

CANALPHONE, the British Waterways Board's recorded information service about stoppages on the inland canals, has received more than 100,000 calls since it began in May 1975.

Orion aims for unity of interests

By Michael Lafferty

A CLOSER working relationship between Orion Bank and its bank shareholders could be one of the main outcomes of the recent changes in the organisation's top management.

Mr. David Montagu resigned last month as chairman and chief executive of the consortium bank because of fundamental differences in policy with shareholders.

Mr. T. Jefferson Cunningham, the new chief executive, says there is "a great deal of room for Orion to do more work with its shareholders than it has done in the past."

As I see it, Orion should be constantly looking for new markets and services in the international money and capital markets.

The lending side of the business will be used more to support investment banking.

Mr. Cunningham, 37, has come out of semi-retirement. He was an executive director of Orion between 1971 and 1974, and was area director-Northern Europe with Chase Manhattan until 1977.

Attack on slow road building

THE Automobile Association yesterday criticised the slow pace of road building in the Midlands and East Anglia. The association said that only four new stretches of Midlands motorway, totalling 36 miles, had been opened in the past 10 years. This was "proof of the stagnating road-building programme we have endured in the 1970s."

Ezra outlines energy strategy

BY JAMES McDONALD

A UNIFIED energy strategy was needed to carry Britain into the next century, otherwise the nation could be throwing away the advantages and the breathing space provided by North Sea oil and gas, Sir Derek Ezra, chairman of the National Coal Board, said last night.

He told the Rugby Chamber of Commerce that a four-point plan for a British energy strategy should be adopted to secure Britain's economic future.

The plan should provide controlled depletion of North Sea oil and gas reserves to maximise their life, clearly defined roles for coal and nuclear energy, widespread adoption of energy conservation, and more investment in long-term energy research.

Sir Derek said rising oil prices and the depletion of world oil resources would steer countries toward an immense economic crisis unless positive action was taken.

Britain and Europe in particular needed to come to grips with an unprecedented situation—that major natural resources were running out. Britain's present position was

an enviable one among the energy-producing nations. It had enough of its own oil and natural gas supplies to enable it to achieve self-sufficiency for about a decade.

It had coal reserves to last 300 years at present rates of production. It also had an advanced nuclear technology.

"It is sometimes suggested that if we develop our coal reserves to the full, there will be no need to expand the nuclear programme," said Sir Derek.

Nuclear power could never meet all Britain's energy needs, for it could not produce fuel for transport or processing.

Sir Derek said: "It is also certain that coal alone cannot meet the entire demand for electricity. Fuel for industry, substitute natural gas, and all the products at present dependent on petrochemicals."

"Only an effectively coordinated energy strategy will enable the energy industries to plan their future investment programmes to serve Britain best in the years to come."

New stockmarket guide

CRUCIAL FACTORS in the success of personal investment are detailed in a new Investors Guide to the Stockmarket, by Gordon Cummings.

The guide provides knowledge necessary to make an informed choice about what to do with personal capital and sav-

ings. It gives a comprehensive insight into the make-up of the stock market. "Investors Guide to the Stockmarket," Book Sales Department, Financial Times Business Publishing Ltd., Minster House, Arthur Street, London, EC4A 3DF, £6.50, but £6 until December 31.

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CHANGE IN THE ECONOMY LONDON — NOVEMBER 14 & 15, 1979. What are the measures needed to promote economic growth, and how will the Government solve the problem of a stagflationary economy? These are some of the questions that will be raised at a forthcoming conference to be organised by the Financial Times with the City Branch of the British Institute of Management.

THE MANAGEMENT PAGE

مكتبة من الأعمال

EDITED BY CHRISTOPHER LORENZ

ines  
ategy

THE DUTCH chief executive who was rash enough to declare at a major international conference that "Planning is just a waste of time nowadays, especially so-called strategic planning" can have had no idea of the horns' nest he was stirring up.

Taking his statement as a challenge, we invited leading practitioners in various fields to investigate the reasons for planning's (largely justified) fall from grace in recent years, and to put the case for a more flexible and effective approach in the future.

Their articles, carefully written in plain English rather than the usual consultancy jargon, were complemented with an analysis of several new planning "tools," and published in June and July. The series attracted considerable attention, and many readers requested reprints. These will be available in booklet form from November 12.



There is evidently a large body of disagreement with the recalcitrant Dutchman, but equally obviously most companies are still searching for the "right" approach to planning for their particular needs. So we are today starting a regular monthly column on "Planning in an uncertain world."

To be published in the first week of every month, it will take a thoroughly practical look at how particular companies, in both manufacturing and services, are coping with the challenge. It will concentrate on one "case" each month, spotlighting small and medium-sized companies in different European countries, as well as some of the best-known multinationals.

# How Shell plans to cope with 'an era of surprise'

signals' from the outside environment? ● How can planning be integrated into divisional and line management, so that it is no longer an ivory-tower function to which no-one pays any attention? ● Is it adequately appreciated that this is much more than just a question of linking the planning system to the company's controls, and vice versa? In particular, does top management realise that a really effective planning system both requires, and can help create, a more partic-

ipative management style?

Some of the articles will provide a general analysis of how particular companies have been changing their approach to planning, while others will examine the actual roles—if any—played by planning in making and carrying through specific business decisions (diversification, investment, etc.). Failures, as well as successes, will be included.

As with the earlier series, jargon will be avoided wherever possible. The column will definitely not indulge in

the all-too-common practice of attaching fashionable and spuriously distinct labels to various planning approaches.

This practice was demonstrated in a recent magazine interview with Professor Igor Ansoff, one of the world's leading planning specialists for 20 years or more. Ansoff was reported as dubbing the 1950s as the era of "long-range planning," the 1960s as the age of "strategic planning," the 1970s as that of "strategic issue management," and the immediate future as that of "weak

signals management," otherwise known by the launty title of "surprise management."

To make matters worse, Ansoff was also reported as saying that "strategic planning" is essentially extrapolation plus some programming, and that it is now inadequate. While most enlightened managements would agree that extrapolation is indeed utterly inadequate, few—even those people by Ansoff disciples—would agree with his definition of "strategic planning."

The same article suggested that two companies practising the much-vaunted "strategic issue management" are Shell and U.S. General Electric. Yet both of them actually refer to their own systems by the much-maligned term of "strategic planning"—as the article itself indicates in the case of GE (GE was featured in the introductory articles to our June-July series).

Enough said. Such are the hazards of labels and jargon. For the sake of comprehension, they should be avoided.

To set the scene for future articles in this column, today's takes a general look at Shell's current thinking and practice, through the eyes of a member of Shell International's group planning division, Richard Seidl. It is based on a paper he presented last month in London to the 1979 Corporate Finance Conference, organised by the Institute for International Research.

\* Planning in an Age of Uncertainty. Available, price £1 plus postage, from Diana Twittles, Publicity Department, Financial Times, Bracken House, Cannon Street, London EC4P 4BY.  
\* Institute for International Research, 70 Warren Street, London W1P 5PA. Tel. 01-388 2663.

Christopher Lorenz

## Trying to mould the future without forecasting it

IF THE future is so obviously unpredictable, why bother to try and plan for it? This was the basis of the controversial Dutch businessman's remark that "In today's world there's no point looking further ahead than a one or two-year budget," and that "anything longer-term is just not worth the paper it's written on."

Quoting the remark in his paper to the 1979 Corporate Finance Conference, Shell's Richard Seidl said that, at first sight, it might seem quite an appealing argument. But closer inspection revealed that this train of thought could be "enormously dangerous."

No business could go on for long without facing decisions, said Mr. Seidl. Some of these decisions would affect only the immediate future and could be updated—or even reversed—if conditions changed yet again. Some others might have a longer-lasting effect, but concerned only a minor part of the business. Even if they turned out to be wrong they would not ruin the company, he said.

But there were other decisions which really had a long-lasting effect and concerned major parts of a company. They could, in due course, change the very structure of a business, he continued. "Eventually they can make or break it."

There were really only three possibilities for handling this type of decision, said Mr. Seidl: ● Don't take the decisions

until the future becomes clearer again;

● Take the decisions "by guess and by God," and hope for the best;

● Or take them, in spite of all the doubts, on the basis of thorough planning.

In contrast with the planning practice of the 1960s, it would not be enough this time just to have a few forecasts, warned Mr. Seidl.

The future would remain as unpredictable as ever, no matter

how much time and effort was spent polishing the crystal ball. But a concerted effort by planners and managers could structure it, explore it and appraise the risks and opportunities that probably lay ahead. "We will never know what will happen, but we can achieve a pretty good idea of what conceivably could."

Shell's basic approach has been summed up by Mr. C. C. Pocock, Senior Managing Director, as follows: "We believe in planning not in numerical forecasts, but in hard thought which aims to identify a consistent pattern of economic and social development."

Planning can make an essential contribution to management

in at least five ways, suggested Mr. Seidl:

● It can establish a coherent framework of potential developments, against which a manager can check his own perceptions and concepts;

● It can help to identify potential opportunities and threats;

● It can provide at least the outline of a comprehensive framework for management's appraisal of its business portfolio and the allocation of resources;

● It can establish benchmarks to test different strategies for different futures;

● And it can be a company's "lookout", continuously watching emerging trends in social, economic and technological matters that could well be vital for the eventual success or failure of a business.

Such an approach to planning would have to allow for a wide range of possible developments, warned Mr. Seidl. But it would also have to be alert—"critically alert"—to possible changes in the overall emphasis of a company.

Instead of managing consistent growth, quite a number of managers were today faced with enormous overcapacities in one part of the business and quite new scarcities in some others, said Mr. Seidl. Here again planning could be of use by providing a view of potential futures, which could help to achieve the necessary reorientation.

But to do this, a deeper understanding of the planning pro-

cess would have to be achieved, and the process would have to be tailored to the specific needs of each individual company.

Examining how all of this applies to Shell, Mr. Seidl began by emphasising the group's size and diversity. It consists of about 270 companies in more than 100 different countries, engaged in a fairly wide range of activities: in oil and natural gas; a diverse chemical business; marine; and more recently, coal, metals, consumer products and some nuclear interests.

Between them, these companies employed nearly 160,000 by the end of last year, and a total capital of more than \$25bn. They achieved total revenues of nearly \$60bn.

"The environment, structure and activities of these com-

panies differ widely, so there can obviously be no all-pervasive planning system for such a group," stressed Mr. Seidl.

Some companies, like Shell Oil Company and Shell Canada—the main operating companies in the U.S. and Canada respectively—do not participate at all in any Group-wide planning system, he said. Others did so more or less according to their wishes.



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LOMBARD An inadequate White Paper

BY PETER RIDDELL

THE GOVERNMENT'S Expenditure White Paper is an inadequate document. What it does not do is to explain the reasons for the plans contained in it. The White Paper leaves readers little the wiser about the economic and social implications...

Meaningless

The main omission is of figures showing changes since the Labour White Paper in January. The Government's reply is that such figures are meaningless since these plans never had any chance of being implemented. The obvious political point is that ministers wanted to minimise talk of cuts...

IN EARLY November gardeners might as well shut their eyes and start to think of England in spring. Some fine late colour is beginning to show on the last annual trees. The merines are still in full flower. But the damp casts a melancholic air over it all.

We need something spectacular to which we can look forward. There is nothing more spectacular than an orchid, so I am laying plans to extend my few plants in the family, none of which needs heat or even a greenhouse.

Why are orchids so sinister? When they stand on those glorious exhibits at the yearly orchid shows, they never fail to alarm me. Like the late-night creaks in some castle of vampires, they owe much of their oddity to the narrowness of what we all think normal.

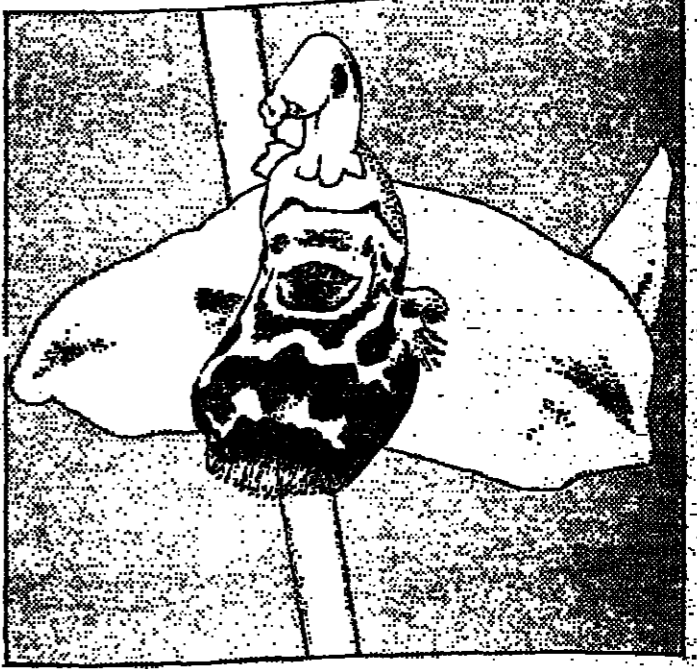
Orchids, many gardeners think are not proper flowers. But I am not alone in feeling that they are not to trap me. Male anxiety, no doubt, is the root of it, for orchids are indeed a trap for the male sex, quite apart from the moods that we father on their flowers.

Earlier this year I found myself among a fine wild sweep of the little Bee Orchid, or Ophrys. It is one of the pearls of our southern limestone flora, at its best in June and July. It grows where you do not, in gardens, although I do not, in the wild. Any beaver collector is to the sight of it one of the most romantic flowers in Britain.

curves which any old male could pick out in the dark. So well designed are their contours, so sweet their scent that some sort of Ophrys are more alluring to men than a female of their own. Who would want an emotional tangle when orchids lay it all on for free? You can pick the flowers from a European Ophrys, wrap it in this paper and watch the furious efforts of any male

bumble to get at it. drawn by the scent and the outline through its paper negligee. All is not female, however, but the bee lands on the flower and starts to mate with it. Pollen is thrown to the winds, as the Ophrys intended. The flower's female parts receive the spin-off smugly.

But the bee never reaps a reward. First it blames the particular flower, not the species of sham females. Off it will fly to a neighbour and try all over again. If you watch patiently in some countries, you can see a weary bee biting and stinging the last bee orchid on its progress, fed up at being taken



Little bee orchid or Ophrys.

They like damp, leafy conditions, easily contrived in a town back-garden. Otherwise, you can grow them in a pot, but you must keep them out of direct sun and remember to water them steadily. For delivery next spring, they would make an unforgettable present. You know the largest sorts, perhaps, which thrive in heated greenhouses, especially those that are white and froxy, veined with green. They, too, are marvellous, but like the slender family of Cyclamen, they are no less beautiful in wild and handy forms.

GARDENS TODAY

BY ROBIN LANE FOX

Quite how and why the Ophrys family was tuned from the straight and narrow to the evolutionary botanists, who are still puzzled. Other orchids give off a scent to attract their pollinators and hold up flowers that hem the pollinator inside.

Born to Reason looks sound

OWEN GLIN, successful on his first appearance last season, can be expected to bring his formidable assets, great stamina, into play. It was clear that two miles was on the sharp side for him. Although Owen Glin again tackles two miles today, I anticipate his class carrying him through against the dual course winner, Dutch Treat.

third to the 7-4 on Hill of Slane in a division of Binfield Juvenile hurdle at Ascot eight days ago. In the north, Jonjo O'Neill, our outstanding jump jockey, can score at Carlisle on Sovereign's Escort and My Buck. The best bet from this duo is probably My Buck.

RACING

BY DOMINIC WIGAN

Appalato and Slasher in the Panama final at Chepstow in March. There was no disgrace in Owen Glin's failure to maintain his 100 per cent National Hunt record. Faced with his stiffest

task of the season, he had little time left in which to bring his formidable asset, great stamina, into play. It was clear that two miles was on the sharp side for him. Although Owen Glin again tackles two miles today, I anticipate his class carrying him through against the dual course winner, Dutch Treat.

John Craven's Newsround. 5.05 The Enchanted Castle. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.45 Angels. 7.10 Star Trek. 8.30 News and June. 9.00 Party Political Broadcast by the Conservative Party.

TV Radio BBC 1. Indicates programmes in black and white. 9.05 Am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.25 Debra Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School (on BBC 2 11.00 am). 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Tarzan, Lord of the Jungle. 5.09

BBC 2. 10.26 am Gharbar. 11.00 Play School. 11.40 pm Flash Gordon's Trip to Mars. 6.00 Adventure at Sea. 6.50 Day Out. 7.20 Mid-evening News. 7.30 The Old Grey Whistle Test. 8.05 The Book Programme. 8.30 Discovering English Churches. 9.00 Party Political Broadcast (on BBC 1).

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ENTERTAINMENT GUIDE

THEATRES. OPERA & BALLET. DRURY LANE. THE FAMILY SHOW. THE KING AND THE BIRD. THE PRODUCERS WILL REOPEN. THE KING AND THE BIRD. THE PRODUCERS WILL REOPEN. THE KING AND THE BIRD. THE PRODUCERS WILL REOPEN.

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F.T. CROSSWORD PUZZLE No. 4119. 1 Preliminary examination held in chemical laboratory (4-5). 2 Silent airman embraced by bird (5). 3 Provided with feelers in shoveller wrongly laced (9). 4 Multiple pump with tea in stock (5-6). 5 Spee on boundary within which something has to be done (4-5). 6 Study track in open space at railway station (9). 7 Vegetable and fish to cut up (7). 8 Fraud or twist left in the south-east (7). 9 Soldier with heraldic gold in nobleman's hand (5). 10 Manganelli having fashion direction (5). 11 Religious instruction on church is ample (4). 12 Wager article will follow in try (4). 13 Try it in revised term (7). 14 Part of Lambert I call moral (7). 15 Smug Independent member is an Indian chief (7). 16 Climbed up outhouse outside pub (7). 17 Left one member drooping (4). 18 Supporter in temper has sudden inspiration (10). 19 Referred to elation to editor (9). 20 Adore to change and be impelled by rowing (5). 21 Help to turn in restricted supply of food in diffusion (9). 22 Monster bird getting at grain (10). 23 Wager article will follow in try (4). 24 Try it in revised term (7). 25 Part of Lambert I call moral (7). 26 Smug Independent member is an Indian chief (7). 27 Climbed up outhouse outside pub (7). 28 Left one member drooping (4). 29 Supporter in temper has sudden inspiration (10). 30 Referred to elation to editor (9). 31 Adore to change and be impelled by rowing (5). 32 Help to turn in restricted supply of food in diffusion (9). 33 Monster bird getting at grain (10).

Television. One of the... The N... New Music...

Television

Another success in the air by CHRIS DUNKLEY

One of the continuing pleasures of television, and perhaps the greatest factor in keeping critics going, at a job which might otherwise drive them all crazy, is the unforeseeable nature of so many of television's greatest successes. Who could have predicted that a series of art lectures by an elderly academic would achieve the enormous success of *Civilisations*? What chance would any reasonable person have given to the idea of a comedy series about a foul mouthed old rig and home man and his pig headed son named *Stepfoe*? Or to a long edition of Robert Graves's book about Roman history called *I Claudius*? Or to the re-creation of the cartographic voyage of HMS Beagle in *The Voyage of Charles Darwin*?

Of course we cannot expect such smash hits to turn up every week or even every month; it may be unreasonable to expect an average of more than one a year or so. But looking for such quality in seemingly unlikely places is in itself a tantalising pleasure. Nor does the programme have to be in the all-time-great category to be highly rewarding.

A seven part documentary series about flying sounds at first like a completely predictable undertaking. You could write the scenario yourself, from the sepiä tinted opening of a boxy biplane to the final full colour footage of the Hawker jump jet, via miles of archive film showing *The Few* in their Spitfires (not to mention the many in their Flying Forts).

But as the first episode of BBC's *Diamonds in the Sky* proved, you would be quite wrong. For a start the series is not about war planes but about civil aviation. Furthermore, if the opening episode produced by Harry Hastings is typical, it is not primarily interested in the machines themselves being concerned less with aeroplanes than with flying and the question of what the conquest of the air means and does to mankind.

Perhaps we shall back track later to get at some of the history of civilian flying, but the opening episode took what sounds like the very eccentric



A scene from 'Diamonds in the Sky': Julian Pettifer in the highland village of Tep Tep in Papua New Guinea

statistics: 134 regular destinations, 290 takeoffs and landings a day, many flights lasting a matter of minutes, and so on. Comments from academics such as historian J. H. Plumb, who talked of all humans having curiosity about different environments, brought a more familiar tone to the programme and edged one finally into the realisation that this is not a breathless technology series but something closer to anthropology.

Interestingly tomorrow evening the second episode in the series will be preceded one and a quarter hours earlier on the same channel by *Rolls Royce* from Duxford airfield, a programme organised by the Rolls-Royce Enthusiasts' Club to mark 75 years on wheel and wing. It sounds likely to be all the things that *Diamonds in the Sky* isn't. The best thing about *Diamonds in the Sky* is that, like so many of those other

unpredictable series, it is not only wonderfully entertaining but simultaneously mind-expanding. It also turned out last week to be just one constituent in a whole evening of remarkably high quality television. The BBC's weakness in day to day current affairs is rapidly becoming a scandal and if their problems in launching *Newsnight* (described here five weeks ago) are not solved very soon they will surely have to attempt some stopgap measure—the gap is now shamefully large. However, *Newsweek* and Richard Kershaw are still doing the intelligent and civilised job we have come to expect, and last Thursday's programme on prisoners produced by Peta Deschamps was no exception.

*Wednesday's Child* by Elaine Morgan was a deeply impressive although saddening documentary drama about secrecy in the medical profession, detailing the true case of parents who were quite unable to obtain information about the errors in an operation which led to their son's brain damage and ultimate death. It was kind of director Brian Parker to note in a post-script the infrequency of such disasters. But anyone who has ever tried to extract information from unwilling hospital staff, or has been asked—as I have—to sign a blank operation consent form "Because that's the way we always do it, duck," will have shuddered in horrified recognition at the attitudes depicted here.

That brought us to *Diamonds in the Sky* which in turn led on to *China Chopper*, yet another programme about the country which is suddenly obsessing television. It was even felt necessary for Margot Fonteyn to turn up in Shanghai for two minutes or so at the start of the bitty and shapeless first episode of *The Magic of Dance* to which I wish to return in a later column.

Since *China Chopper* was billed as being "Produced by the Chinese News Reel and Documentary Film Unit, The People's Republic of China" one had every reason to expect another hymn to tractor production and our Glorious Militia, but in fact this turned out to be an airborne travelogue with much, though not all, of the charm of the *Bird's Eye View* series. It certainly showed some astounding sights—a massive cocoa coloured river, the Shanghai waterfront outlined in neon, and a vast ancient Buddha cut from the living cliff—and required none of the scepticism necessary for most China programmes.

Finally, on BBC 1, came the last of Elwyn Parry Jones' excellent series of *Shirley Williams in Conversation*. Since one with James Callaghan. Both participants are, of course, practised television performers, neither was intent upon giving

Festival Hall

Menuhin

Fifty years ago on Sunday Yehudi Menuhin made his London debut in a recital at the Queen's Hall. This golden jubilee was celebrated, a day late, in the Festival Hall; Mr. Menuhin was partnered by his sister Hephzibah and the two of them were then joined by a quartet from the Menuhin School for a performance of Chausson's Concerto for violin, piano and string quartet. The Chausson is a rarity apparently out of place in such a context, but nevertheless it provided a reminder of the other, educational side of Menuhin's genius.

The focus of the evening, naturally enough, was Mr. Menuhin's performances, and he chose to celebrate with the twin pinnacles of the violinist's chamber repertoire, the Kreutzer sonata and Bach's D minor partita. In the Beethoven sonata there were moments of the authentic, glorious Menuhin and microtonal shifts, a gentle fute-voice married with the shaka-hachi's hollow wail.

Warehouse

Captain Swing by B. A. YOUNG

The Swing rebellion, of which I hadn't heard until the RSC put this play on last year, was an uprising of farm-workers demanding higher pay. They broke farm machinery and they burnt ricks, but they hurt no one. This happened during the reign of our last King William.

Peter Whelan has not written a documentary piece about it, but a romantic melodrama peopled with fanatical characters. The historical element in the play is interesting, but the dramatic part is in another key altogether. "Captain Swing," the legendary leader of the rebels, is a man on the point of death, hardly able to utter a coherent sentence, yet twice transfused into a tall, upright, well-dressed man capable of commanding a crowd of countrymen. This happens twice, and left me bewildered both times.

Much of the play is too vivid for belief. We have this girl Gemma, a country harlot, who becomes a kind of Joan of Arc, says things like "The tree of liberty was splashed with female blood," and holds up the rebels' task of pulling down a workhouse by making a speech in the vein of Henry V, although the dragons are almost on them. There is a dashing old

Granny acting as Mother Courage to the rebels. There are scenes with melodramatic curtain-lines; and there are scenes aplenty which do not further the action at all, but add dubiously relevant detail, such as the soliloquy of poor Agnes, the fight between the villagers and the drunken Corporal Moat, the flogging of John Povey.

The style suggests a romantic novel by someone like Rafael Sabatini, or (for younger people) a six-part Sunday evening serial on BBC-1. It is nicely played, and the less exaggerated characters, like Matthew Hardness, the local rebel leader (David Bradley) and Michael O'Neill, the Irish radical (Paul Moriarty) can sometimes compel belief. Zoe Wanamaker's playing of Gemma is fine, but Gemma is not a real person. Swing himself, masquerading as a salesman, gives Malcolm Story an ungrateful part, lying down and mumbling most of the time.

I found the evening went very slowly, and though I'm glad to know about Swing, I couldn't raise any interest in Hardness, O'Neill, Gemma or any of them. The hard-working director is Bill Alexander.

Arts Theatre, Cambridge

From the Greek by MICHAEL COVENEY

Frederic Raphael's curiously inept and uncharacteristically dull new play is a sort of nightmarish amalgam of the Oedipus myth and Hitchcock's *Psycho*. For some reason that is never made clear, the scene is a run-down hotel in Arizona. Tony (as in Perkin's) has stayed on after the death of his father to help run the place with his mother.

His newly divorced brother George, a lawyer, comes to visit with Anna, his beautiful black girlfriend (nicely played by Muriel Oduntun).

In the course of 24 hours, in a series of flashbacks, we learn how Tony acquired his swollen foot when driving his father off the road. Unlike in Sophocles, the murder was premeditated, as Dad used to boast of being a sailor from the age of 12, taunting his weedy son for having more friends in the library than in life. And, all the time, Mum wanted Tony "back inside her" (ouch!). When an officer comes with news of the "accident," Maxine Audley leads Tony upstairs with a laughable variation on Carbo's famous line: "I don't want to be alone."

When in doubt of what to do next, Robert Atkins used to say, go downstage and do a little dance. This is precisely what Rowland Davies as Dad does at one point, by way of asserting himself as a Zorba-like macho man. The next we hear of him, he is dead, a fate Mr. Davies's choreographic display fully merits. When the brother learns that Tony is his father, Mum dresses up in her Sunday best, leaves the hotel for the first time in 20 years and drowns herself. An appropriately wet conclusion.

When Mr. Raphael adapted the early part of his TV series *Glistening Prizes* for the Leicester Haymarket, the smartness of the writing at least compensated for the lack of stagecraft. Here, Jonathan Lynn's galumphing and unbelievably straight-faced production for the Cambridge Theatre Company is sporadically memorable only for the intensity of James Aubrey's acting as Tony, nuzzling at Miss Audley's stomach and chewing laconically over the family problems like James Dean in the wrong film. I am incapable of deciphering any impulse whatsoever behind the whole sorry mess and finally succumbed to the giggles when Tony rounds on his brother with the accurate accusation: "You're a real bastard."

T. S. Eliot Lectures

Dr. Donald Mitchell, the authorised biographer of Benjamin Britten, will be delivering the 1979 T. S. Eliot Memorial Lectures on the theme *The Year 1936: Britten and Auden in the Thirties*.

The lectures will be held from Monday to Thursday, November 26-29 in the Cornwallis Lecture Theatre in the University of Kent at Canterbury at 6 pm. The lectures are open to the general public; admission is free and no tickets are required.

New Music in Hungary — 2

The New Music Studio by DOMINIC GILL

In my first article on the festival of *Korunk zeneje — contemporary music* — this autumn in Budapest, I mentioned the special virtues that have marked the festival's path to maturity during the five years since its debut in 1974: the exceptional quantity of new Hungarian music, of consistently high quality, that its programmes have presented; and also in particular the very comprehensive view those programmes have offered of the whole spectrum of Hungarian new-musical activity.

Just how diverse that spectrum is I have described here on a number of occasions during the past five years. The foreign visitor—reminding himself again that the population of the nation of Hungary is actually less than that of Greater London—can marvel at its energy and breadth of range; and it is exactly that breadth which the days of *Korunk zeneje* in recent seasons have been able, and willing, to reflect. So was the more disappointing to discover at the sixth festival the odd omission, without note or comment, of any recent work at all by composers of the lively New Music Studio, home of the more experimental wing of new Hungarian music. No piece of Zoltán Jeney, László Vidovszky, György Kurtag, Ernő Erdős, Dávid Gyula Csapó in this year's programme; and only two works of László Sári, the Studio's senior founder member, neither of them characteristic, composed respectively nine and 11 years ago.

Had six or seven composers together decided on a sudden, collective change of calling?—the idea was absurd, and belied at once by a busy autumn programme of Studio events displayed in the offices of the Philharmonia. No explanation was forthcoming; but informally, hors-festival, I heard on tape more than enough interesting new works by Studio members to have filled a splendid concert programme. During the previous season, the Studio had organised and presented, with little administrative help, a series of no less than 35 concerts around the country and in Budapest, mainly of first, or first Hungarian, performances. Their programmes might have been the envy of our own SPNM or Park Lane Group; they were, at the very least, not a force to be usefully ignored.

Cirrus of László Vidovszky, whose *Death of Schroeder* and *Souvenir de J* so impressed me in past years, is not heard to best advantage on tape. The physical disposition of players, audience and eight loudspeakers is fundamental to the effect of the piece; and the contrapuntal detail, if not the broad outline, changes with every performance. But even crudely, in its unelaborated form, the music (and the idea of the music) was striking. The notes of the score find their way to the loudspeakers through a network of interactions, partly linked, partly separate, of three

organists and six "controllers": complex sound-maze from which tiny details, jiggling points of light and shade, emerge, and quickly disappear. I should love to have heard it live, and fully organised.

Like his *Pointpoint* last year, Zoltán Jeney's *Apollonhöz* for voices, organ, cor anglais and percussionists is not so much a "concert" piece in the traditional sense as an austere and solemn ritual; a Greek text set to a precisely notated permutation of scales, without tempo or dynamic variation articulated by a stochastic mix of 28 ancient Greek rhythmic sets. The effect of hypnotic reassuring, strangely beautiful: music out of time, out of place.

But two other recent works of Jeney's I heard on tape were as different from *Pointpoint* and *Apollonhöz* as they were from each other. *Laude* is an orchestral random mix, linearly shuffled, of the Adagio of Mahler's 10th symphony. Each instrument of the orchestra plays its own part, and each note retains its original duration, pitch and dynamic; only the order of notes, and rests, is changed. The textures alone remain: extraordinary to find (and perhaps the chief point of the exercise) how much of their unmistakable quality is preserved, how irreducible is the vertical, as much as the horizontal, quality of a Mahler score, even fundamentally rearranged. *Glass and Metal* was pure tape-music: an exhilarating collage of four "voices" made of concrete sounds from an iron-foundry and a glassworks, modified by means of pitch-modulation but without any other direct electronic treatment, grandly conceived, powerfully sustained. Four pieces alone (and there were many more) which together could have made a fine programme—and restored vital balance to the festival.

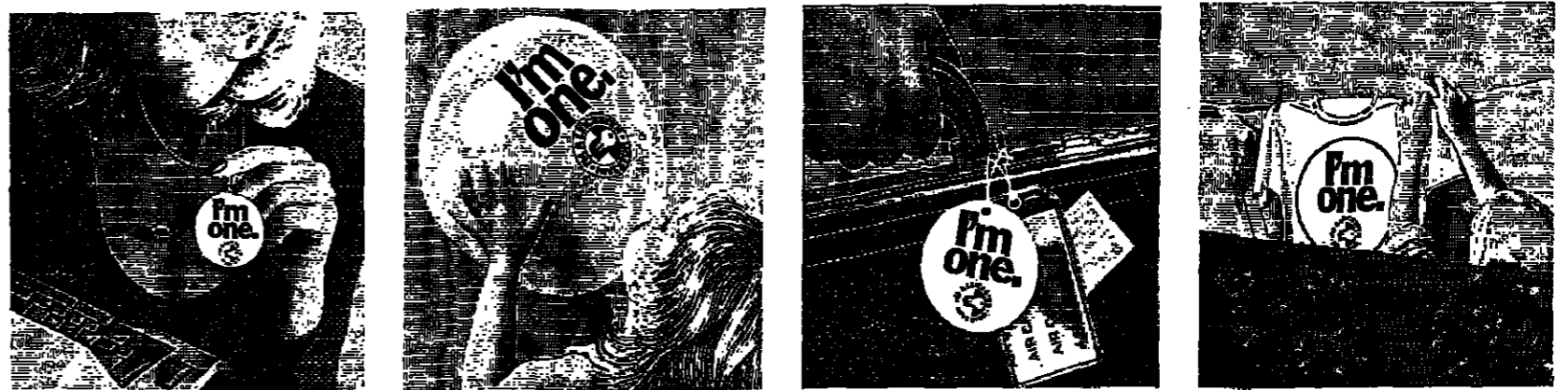
It was no disappointment for me as a visitor—but doubtless disappointing to some Budapestians—that the highlights from the rest of a busy week were mainly Hungarian. There were foreign guests, but none of them substantial. Sylvio Gualda from France gave a slick demonstration of percussion gymnastics that was visually intriguing, but musically dull. An unlikely Camerata *Strumentale* from Turin had borrowed the name, but unfortunately no part of the talent of the late, great Alfredo Casella. The Chamber Soloists of the Berlin Komische Oper gave a short recital of serious, respectable pieces, all beautifully played, but none more than gently pleasing. Only the "Nuestro Tiempo" Ensemble from Cuba, I thought, offered a programme of real originality or flair (and for various reasons, none of them musical, the concert hall that night was nearly deserted): as well as a good account of the lyrical but overlong guitar concerto of Leo Brouwer, they gave fine performances of

works from the 1930s by the two founders of the modern school of Cuban music, Alejandro Caturla and Amadeo Roldán — Caturla's *Bembe*, catchy, Caribbeanised Hindemith; and two brilliant numbers from Roldán's *Ritmicas* scored for percussion band alone.

Eight chamber works in a recital on the festival's fourth day had in common one instrument, and one virtuoso, the faustic István Matuz. I have told here many times of Matuz's electrifying musical presence, and his ability to turn the commonest musical metal into gold. It was a glittering evening, of many high points: a dramatic, tightly wound *Memento cromatico indiretto* for piano, percussion and flute by

József Sári (the brother, in spite of the different spelling, of László Sári); a solo for bass flute by István Láng, ruminative, cast deep with shadows, a night wind in dark woods; a brilliant duo for flute and percussion, *Sospiri e gridi* by József Bakki, imaginative and keenly shaped; an interesting *Variations No. 6* by László Martos for flute with three instruments and percussion, curious hybrid, its primitive motor-rhythms and free "melodic" fragments enclosed by a rather severe constructivist frame derived from the Fibonacci series; and an eerily effective *Monologo No. 3* by László Kalmar, full of glissandi and microtonal shifts, a gentle fute-voice married with the shaka-hachi's hollow wail.

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# FINANCIAL TIMES

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Wednesday November 7 1979

## Pressures on British Steel

**THE BEST** outcome of today's House of Commons debate on the steel industry would be the reaffirmation of a bipartisan approach towards the British Steel Corporation. Both major parties want to see a viable steel industry in this country and both agree that this can only be achieved by bringing capacity into line with demand and by ensuring that the plants which remain are technically sound and efficiently manned and operated.

Because the BSC has too much capacity, some of it using obsolete steel-making techniques, closures are unavoidable. A number of plants have been shut down in the last two years with the acquiescence of the employees concerned. Unfortunately the most recent closure decision—that of Corby—has met with adamant resistance from the main union in the industry, the Iron and Steel Trades Confederation. It is threatening a campaign of sit-downs against the Corporation unless the decision is reversed. Familiar ties of loyalty, as well as short-term political advantage, may induce many Labour MPs to support the campaign, even though it will increase the BSC's losses and ultimately result in a smaller and weaker industry.

For the next few years a steelmaking capacity of 20m tonnes is likely to be more than enough for the BSC. Yet in 1973 the last Tory Government approved a development programme designed to achieve a capacity of well over 30m tonnes by the early 1980s. This involved an expansion of basic oxygen steel-making at Port Talbot, Llanwern, Conynghupe, Redcar and Ravenscrag, as well as new electric arc furnaces at other sites; at the same time older plant would be phased out.

**Scaled down**

Although very large sums of money were spent under this programme, the drastic change in the world steel market which became apparent after 1975 caused the expansion plans to be scaled down. Such projects as the doubling of capacity at Port Talbot and the second blast furnace at Redcar have been stopped. But the size of the investments put a heavy strain on the BSC's finances and this was greatly aggravated by the last Labour Government's short-sighted decision to halt the closure of older plants—the so-

called Beswick review. The present management has been seeking to dig BSC out of the financial pit by speeding up the process of modernising and improving efficiency in the modern works. Most of the plants revived by Beswick have now been shut. Corby and Shotton present more difficult social problems, but it has been recognised for some years that steel-making at these two sites would not be viable; they will continue as important steel-finishing centres, taking semi-finished steel from Redcar and Ravenscrag. As for the modern works, the present structure is not ideal, partly because of past political compromises on location of new investment. It is just possible that BSC has one or two sites which are better than they appear to be, but that will depend on their performance.

## Dictatorship in Iran

**THE MOST** surprising aspect of the resignation of Dr. Mehdi Bazargan from the Iranian Presidency is the fact that it did not happen before. From the time of his appointment nine months ago he has never been able to fulfil the function normally associated with the title because of the shadowy but supreme authority wielded in the country by the Ayatollah Khomeini's Revolutionary Council. Out of patriotism rather than any political opportunism Dr. Bazargan has persevered in trying to bring an element of order and direction to the country. Since the overthrow of the Shah he has suffered not only from authoritarianism as exemplified by the former regime but an intolerable degree of anarchy, chaos and economic decline as well.

**Obscurantist**

Dr. Bazargan has been at odds with the clerical junta over the activities of the revolutionary committees and "guards" who have either taken their instructions or been inspired by the Ayatollah Khomeini and his obscurantist reactionary circle of "holy men" in Qom but have frequently usurped the functions of the secular government—or been in direct conflict with it.

Dr. Bazargan has been at odds with the governing religious extremists over the U.S. Dr. Bazargan has been pragmatic enough to appreciate the need for continuing normal relations with the U.S. and, therefore, a moderate attitude to it. Blinked by his fundamentalist revision of the West and the U.S., its main political expression, the Ayatollah Khomeini has shown no realism in this respect. Significantly, the Prime Minister's resignation has been occasioned by his realisation that the clerical hierarchy supported the mob that stormed the American Embassy in Tehran and is holding its staff as hostages demanding in return the extradition of the exiled Shah from his hospital bed in New York. Arguably, the U.S. behaved badly in not giving refuge to the monarch having given him so much support for 25 years. It could hardly have denied him medical treatment.

**Oil exports**

Such is the disillusionment with the religious leadership and the growing opposition to the totalitarian Islamic regime across a broad spectrum that no one could safely predict the duration of their life. In the meantime the continued and growing turmoil the most dangerous result for the wider world from developments in Iran could be a reduction or cut-off of its oil supplies as a deliberate act of policy or for other reasons. Iran is selling as much as a third of its exports on the spot market as a means of getting more revenue and boosting prices generally. Output may slump because of the inability of indigenous technicians to maintain installations and the halt six months ago to an important gas reinjection secondary recovery programme. Equally serious is the danger of a flare-up with Iraq which the regime has done much to irritate through its treatment of the Arab majority population of Khuzestan Province where Iran's main oil fields lie. What is being demonstrated again is the dangerous unpredictability of the regime.

**T**HE public's perception of robots is conditioned at present by such anthropomorphic imitations as the Daleks of Dr. Who and the cackling creations which fall about at the idea of a housewife still peeling potatoes. The Cabinet Office, or rather its advisers on engineering and applied science, have a different perception: one we would all do well to heed.

For them, the robot is a versatile tool which will become as important to the manufacturing industries as, say the machine tool is today. It is a tool destined to do many of the repetitive tasks at which human fingers fumble on assembly lines for seven or eight hours a day. It is a tool which will be programmed to perform its task of putting things together, oblivious of the clock which it anyway cannot see, of Monday morning, of tea-breaks, of heat, noise or fumes; oblivious, in fact, of any of the myriad of environmental aberrations which cause assembly-line output and product quality to fluctuate between wide extremes during a normal working day.

Britain today is ignoring this kind of robot—the "intelligent" robot—the Government's technical advisers say. The number at work in Britain's factories is minuscule compared with its big trading rivals—Japan, the U.S. and West Germany. Yet failure to apply them will result in our industries being progressively "greater threats to employment" than the displacement of labour by machines," ACARD contends.

**Contribution to total output**

To establish a baseline for manufacturing performance in Britain, the study has drawn upon the statistics of the 1977 Census of Production, and compiled from these the accompanying chart. It shows the contribution that some major sections of industry make to total national output, and also their output expressed as added value per employee. The choice of industry shown here is governed partly by the purview of the report itself and partly by the need for clarity in its presentation. The utilities—electricity,



One of Britain's few ventures into robotics: an arc-welding robot being marketed by BOC into robotics: an arc-welding robot being marketed by BOC from a base at Milton Keynes.

## MEN AND MATTERS

**Rejoining the Orion band**

Few bankers would quarrel with the assertion of the new chief executive of the Orion Bank, Thomas Jefferson ("Teff") Cunningham, that international finance is "a very demanding experience." Few, on the other hand, dare to abandon the rigours of such a career for a two-year interlude as a builder and lumberjack.

**Snake tangle**

The European Monetary System clearly has its good points, but these are not all evident to the Bank of Ireland. Its half-year figures, out yesterday, reveal that so far around IR£2m have been paid out as a "special bonus" to staff for coping with EMS. An equivalent further payment, possibly more, is under discussion. None of this includes overtime or the cost of recruiting an extra 200 staff.

**Tax shelter art**

In London this week is an American sculptress, Rodelle Karpman, who has just made an art promotion deal which might possibly commend itself to Norman St. John Stevas. A group of businessmen has bought the moulds of her work and under U.S. regulations receive an immediate investment tax credit, as though they were buying industrial capital equipment.

**Lamb chopped**

The latest issue of Trade and Industry, the weekly magazine of the Industry Department, has a feature which should interest Peter Walker, the Agriculture Minister. Headlined "Selling food to France," it tells of the promotion starting this week in 60 Parisian shops.

## The robots are coming—but not to Britain

By DAVID FISHLOCK, Science Editor

gas, water—are included as benchmarks. (Coal and steel, on the other hand, are missing because it did not prove easy to interpret the figures in a comparable form.)

The industries which can expect to benefit most from automation in the shape of robots are clustered on the left-hand side of the chart, the area of less-than-average added value per employee. These include motor vehicles and shipbuilding, but also aerospace products, scientific instruments, radio and electronic components and telephone apparatus.

The relatively poor factory performance of these sectors is reflected in the way Britain's share of the world market has been falling, and in the way the value per ton—a crude measure of the technical sophistication of the product—has dropped below that of its imports. Failure to reverse this situation, says the study, would pose a serious and permanent threat to UK employment through the loss of Britain's competitive manufacturing ability.

The countries that now have the lowest levels of unemployment are those that have made the best use of available technology.

The technology considered by ACARD is not only the robot—the machine which, in this context, puts things together—but the joining techniques which will keep parts assembled. They include welding, brazing, soldering, adhesive bonding, fasteners (bolts, rivets, spring fasteners, etc.) and stitching. The catalogue of possibilities is still expanding with the emergence from research of new techniques such as friction welding, "super-glues" and the use of lasers and electron beams.

Automatic assembly of mass-produced items such as motor-car sub-assemblies and the TV chassis has been a major goal of the production engineer for the past 20 years. Around 1960 the TV industry was beginning to use automatic machines to thread such electronic components as transistors and resistors into printed circuit panels, in preparation for automatic soldering of hundreds of joints simultaneously. A decade later one major British TV maker had abandoned his assembly machine and reverted to the idea of using rows of women again to thread the components by hand. His "robot" was simply too complicated. The slightest hiccup anywhere in a long sequence of workstations and the entire machine stopped assembling. It had no intelligence of its own and had to wait for a man to repair it. It spent more time stopped than assembling.

Today's robot tends to perform a single task, albeit often a complex one by the standards of the early machines. It costs about £30,000—and a realistic view of charges for interest, depreciation, care and maintenance, etc., probably adds another £15,000 a year. Its counterpart at home is the washing machine or cooker which can be programmed to carry out a sequence of operations at predetermined temperatures, times, etc.—though without the robot's ability to sense, pick out, and place.

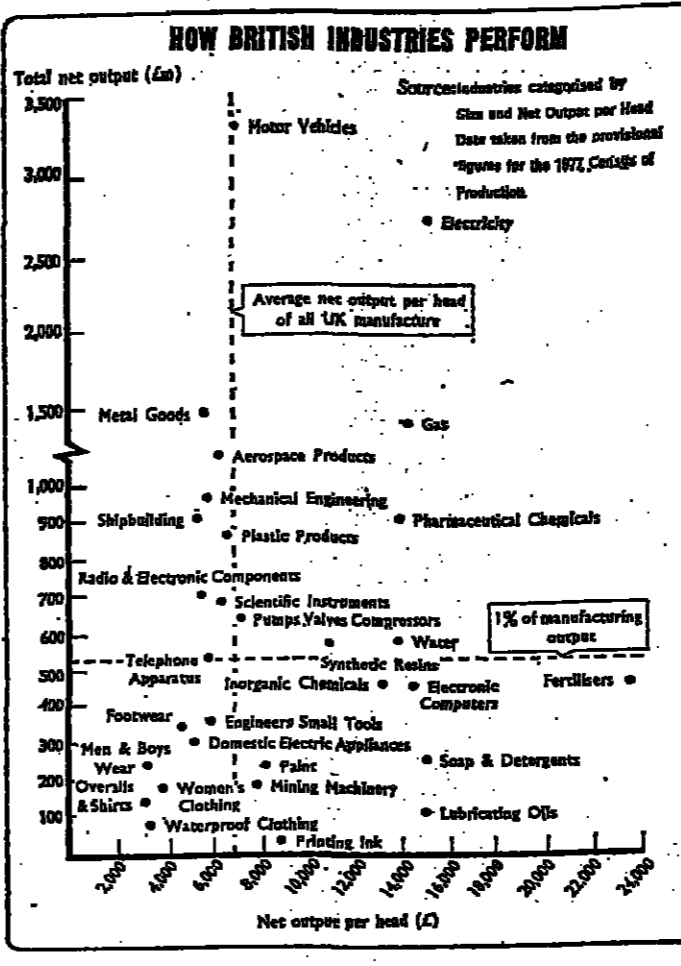
**'Blind and not very clever'**

Today's industrial robots are blind and not terribly clever. Manufacturers worldwide have bought far fewer than the robot-makers were forecasting in the early Seventies. But Britain, with almost none at work today, has no cause to congratulate itself, for it has accumulated none of the experience of tomorrow's approach to manufacturing built up by other leading industrial nations. This experience will prove immensely valuable in introducing the new generation of robots now marching upon the factory gates.

Sir Henry Chilver, chairman of the ACARD working party which produced the report, said yesterday that robotics was potentially one of the world's biggest growth industries.

According to ACARD, some 6,000-7,000 first-generation industrial robots were at work worldwide last year. Half of them were working in Japan, one-quarter in the U.S., and one-quarter in Europe. Britain, however, could boast only 60-70 robots. The annual output of Britain's one manufacturer of industrial robots is derisory—fewer than 50 a year. The Department of Industry has commissioned a more detailed—and more technical—study of this disturbing situation from Ingersoll Engineers which is shortly to be published.

Still more to the point, how-



carry out a sequence of operations at predetermined temperatures, times, etc.—though without the robot's ability to sense, pick out, and place.

ever, the nations which are using robots today have national programmes which encourage their use and further development. Japan in the Sixties acknowledged the lead the U.S. had built up in main-frame computers, set out to compete by developing robots. Currently it is engaged in a seven-year project, costing £25m, to demonstrate the principles of fully-automated manufacturing plant. One government-sponsored demonstration at Kawasaki Heavy Industries, aims to assemble a small agricultural petrol engine almost entirely by robots. Another, at Toyota, includes robot welding of motor cycle frames and axle housings.

West Germany has a Government-supported programme entitled "the humanisation of life at work." It aims to improve working conditions — for example, by keeping the worker away from hostile environments. The German Research Society also spends generously on engineering research, £20m a year, including the development of systems for factory automation. Sweden and Italy have also made much greater progress than Britain.

**The excitement of Concorde**

ACARD is urging the Government to knit all this skill and experience into one programme, with the objective of revolutionising Britain's manufacturing methods. As a national objective, directed and managed by users—the leading manufacturing firms—such a venture could have all the excitement of a Concorde project and a far better chance of a national payoff.

We will know it has worked when we watch TV advertisements showing robots laughing at people who will try to assemble things by hand.

*Joining and assembly: the impact of robots and automation, pp 44, HMSO, £1.75.*

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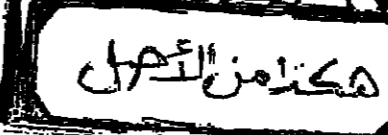
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Observer

هكذا من العمل

# The macrocephalic monster in the smog

BY WILLIAM CHISLETT, Mexico City Correspondent



MEXICANS ARE a fiercely proud nation, but they are not at all proud that their capital will, according to the World Bank, become the largest city in the world by the year 2000 with a population of around 32m.

When President Jose Lopez Portillo met the mayor of New York in September he dropped his normal flag-waving posture and said: "Mexico City is the most absurd thing that ever happened. We've built everything at over 2,000 metres above sea level. If we had planned the place it would never have happened."

Mexicans are now finally waking up to the monster they have created which is a frightening testimony to what happens when industrialisation takes place in a developing country with little or no planning.

Planners have a word for Mexico City—macrocephaly, a medical condition in which a person's head is abnormally large compared to the rest of the body. Some 14m people live in the capital's metropolitan area, 20 per cent of Mexico's total population.

By the year 2000, if the capital's present alarming growth rate of 5.6 per cent a year continues (London's is actually falling) Mexico City will account for about 25 per cent of the total population. Its growth has been spectacular, but only in the last 30 years.

When Hernan Cortes arrived in Mexico in 1519 he beheld one of the great imperial cities of the world. Tenochtitlan, the Aztec capital, was a city of some 300,000 people on a series of islands in the middle of a lake. It was a rival in beauty to Rome and Venice.

Cortes first saw the city from the surrounding mountains at an altitude of 7,500 feet. They enhanced the city's magnificence. Today the visitor to Mexico City, as he flies into the capital's

airport, is lucky if he can see the mountains at all through the brownish smog which hovers almost permanently over a city that sprawls as far as the eye can see.

Lake Texcoco, which supplied the Aztecs with endless fresh water, has dried up and is now the source of dust storms in March and April when strong winds send people spluttering into doortoys.

The Aztecs lived within sight of two awe-inspiring volcanoes. Popocatepetel and Iztaccihuatl. Today an inhabitant of the capital is lucky to catch a glimpse of them a couple of times a year.

## Fumes trapped

The conquering Spaniards kept the capital in the lush valley—an almost perfectly shaped bowl surrounded by mountains which offered natural protection against marauding tribes.

Now, far from affording protection, the mountains prevent the dangerously high level of pollution—caused by fumes from 2m cars and the stink of over half the country's industry in the metropolitan area—from escaping.

Mexico City's smog is of the more dangerous photo chemical variety for with the height, the reduced oxygen and the still atmospheric conditions more ultra violet rays reach the polluted air than would happen at sea level. As a result respiratory diseases, itchy eyes, sore throats, throbbing headaches, sinus problems and gasping for breath are the common fare of many of the capital's inhabitants. I have lived here for a year and have never felt in such bad health. Indeed after my first few months I began to wonder whether I was abnormal or becoming a hypo-chondriac. Mexican friends

assured me that I was normal. Many regard Mexico City as the nearest mankind has come to creating hell on earth and yet, if you have the money, there are beautiful areas in which to live, outside the city centre, up in the hills, away from the constant hum of traffic, the repeated honking of horns, and the oppressive atmosphere.

The capital can boast one of the world's finest museums, the anthropological museum, and outstanding international concerts at Bellas Artes cultural centre.

But this is not the Mexico City which the great majority of its inhabitants know, several million of whom live in "lost cities" ringing the federal district, including one, Nezahualcoyotl, known as the "sleeping giant" where over 2m people live, many in shacks and other makeshift dwellings. Barefoot ragged children, some with swollen stomachs, play amidst the most awful squalor.

Nezahualcoyotl itself tells the story of Mexico City for in the 1960 census it did not exist. By 1960 Mexico was well into laying its industrial base and the economy was showing sustained and high growth rates. Industry was encouraged to move to the capital with generous fiscal incentives and as the administrative and financial centre most companies felt they had to be based there.

As industry came to the capital so too did millions of people from the impoverished countryside. Nothing was done to encourage them to stay put. Whole families left their pueblos in rural Mexico in search of work, and invaded land once they arrived in the city. In the case of Nezahualcoyotl people began arriving after 1963.

Between 1940 and the present day the capital's population has increased seven fold. The legacy of this massive uncontrolled

migration is that the fuse on a population time bomb has been set which is in danger of exploding into violence unless the capital's growth is planned.

Mexico's natural population increase of 3 per cent a year is one of the highest in the world. However Mexico City's population rises by 5.6 per cent a year—in other words out of every five new inhabitants of the capital a year two are not born there.

In order to defuse what many view as an inevitable explosion before the end of the century fiscal incentives are now no longer given for Mexico City but to decentralised areas, particularly on the Gulf and Pacific coasts, and 119 municipal areas. There are also moves to relocate bureaucrats and inflated promises to channel much more money into the countryside. A serious family planning programme is underway and attempts are being made to crack down on those industries which pollute the atmosphere.

Last month Sr. Hank Gonzalez, the Regente (mayor) of Mexico City, a post of cabinet rank, presented the capital's master plan to the President. As befits such a large city the plan is immense and is divided into seven sectors—the metro underground railway system, water supply, road construction, ecology, rubbish collection, security and schools.

## Noisy buses

"Twenty years ago we never thought we would reach such a monstrously high population," Sr. Gonzalez told me. At times we could hardly hear one another because of the beeping horns and noisy buses passing below his office which overlooks the Zocalo, the city's main



MEXICO CITY AS SEEN BY MARINO, THE CARTOONIST, IN EXCLUSION. "Mr. Mayor, the solution is don't let the cars return once they go on holiday."

square, around which cars drive as if on a racing circuit. "It's the political, financial, industrial, commercial, educational, cultural and even the religious capital. The shrine of the Virgin of Guadalupe is here (the patron saint of Mexico) and that attracts 15m Mexicans a year."

For Sr. Gonzalez the key to stemming the city's growth is to pursue vigorously the goals in the industrial development plan and create decentralised areas. The key to ending its chaos is to create an adequate public transport system. "If the industrial plan is really successful then Mexico

sengers in 755 carriages compared to London's underground which has eight lines, covering 381 kms and in 1978 carried 546m passengers in 4,434 carriages. This gives one an idea of how rough a ride one gets on the Mexican metro.

Between now and 2010, 15 new lines are planned to cover 437 kms. The aim is that by the year 2010, one third of the city's traffic load will use the metro compared to the present 11 per cent. Mexico's metro is claimed to be the fastest growing in the world with one kilometre of new track built a month.

At the same time a start has already been made on improving the flow of traffic by completing on time the first 15 of a planned 34 cross city "ejes viales" (one way boulevards with a trolley bus going in the reverse direction down one side). A special map has been published as the new traffic system is so complicated.

At the moment there are a mere 658 trolley buses. The aim is to have 2,000 by the year 2000. One of the main pollution offenders at the moment are the large, painfully noisy buses which spurt out black fumes.

Last month the President planted the 15 millionth tree in a proposed "green belt" of 120m trees by 1982. They will surround the city to relieve the exhaust-fume poisoned atmosphere. At the same time Pemex, the Mexican state oil monopoly, announced that next year it will introduce a new grade "anti pollution" petrol based on alcohol which will only be on sale in Mexico City.

Money is a serious problem. Sr. Gonzalez admits that present resources are insufficient and that the city's problems can only be solved little by little as the revenue from the country's immense oil wealth becomes available.

## Inconveniences

The advantages for the private sector of going to these areas does not compensate for the inconveniences of being so far away from the country's main markets—Mexico City, he said. Sr. Garza argues that the Government should focus on three areas, Saltillo, Queretaro and Mexicali, where industrialisation is already growing despite the lack of special incentives.

The government has an unhappy precedent for money was poured into Ciudad Sahagun near Mexico City after 1952, but today only four factories have gone there whereas between 1960 and 1970 6,561 firms set up in Mexico City.

I asked Sr. Gonzalez what he thought Mexico City would be like if the decentralisation plan failed and the capital's population was 40m. "Instead of thinking about such an awful thing we must do everything we can to make sure it doesn't happen. At least there is now a realisation of the problems," he replied.

## Letters to the Editor

### Limit rises in CAP expenditure

From Mr. B. Gardiner Sir—I was surprised by your comment in the "Double threat to EEC" second leader (Nov. 2) that the common agricultural policy and Britain's EEC budget commitment for 1980 are "separate issues." It appears to me that, far from being separate, they are even more closely linked than the majority of people in Britain have been misled into believing. They should be very closely linked in the Government's strategy in attempting to alleviate the expected 1980 budget burden.

Most important, CAP's role in infating the net UK budget contribution arises directly from its more inefficient aspects than from its legitimate objective of supporting agricultural markets and incomes. It is now well known in Britain that in 1980 we will be paying in £1bn to £1.2bn net to the budget some 64 per cent more than West Germany, a considerably richer nation. This difference is generally believed to be mainly because we import a large proportion of our food supplies from non-EEC third countries, or because we have a "more efficient agricultural industry than other EEC countries."

This loose thinking is of course encouraged by those whose interest it favours—most notably the EEC Commission. In the background report issued on October 26, the Commission's London office says: "Only the United Kingdom, through a combination of certain characteristics not found elsewhere [in the Community], contributes more and receives back less than average in relation to her GNP share of Community wealth." This canard is then compounded by the statement that CAP expenditure distribution is influenced by geographical factors relating to the size of the agricultural sector in each member country. It is not the size of the agricultural production sectors but the volume of agricultural trade which dictates the level of payment out of the market support section of the EEC farm support fund.

What the Commission's statements and common assumptions about the EEC budget obscure is the striking fact that Britain will in 1980 pay 64 per cent more than Germany for one reason and one reason only. Germany will in 1980 draw £2bn for payment to the agricultural trade, compared with a mere £400m drawn by the trade in Britain.

### Redoubtable French

From Sir John Chadwick Sir—The point missing in your leader (November 2) is your news-item on October 31 stating that France has blocked the urgent ratification of the Tokyo Round trade agreements. This action and the flouting of Community law may be seen as the construction of redoubts for a coming battle—presumably to enflame the massed attack on the financing of the Common Agricultural Policy to which you refer. This is standard French tactics. They probably do not expect to hold these positions for long, but to weaken the opposition in the main battle before they are driven in. Our problem, and that of the other seven countries, is how to wrinkle the French out of these positions.

### Exclude food

From Mr. R. Siliver Sir—As a moderately committed but uninformal supporter of the EEC I am beginning to believe that the problems of the Common Agricultural Policy represent totally irreconcilable conflicts. Certainly a generation or more will need to pass before the requirements of the relevant sectors of each country's population can be met. In business life, or for that matter in any other aspect of endeavour, some efforts are just not worth the effort needed to solve them and human resources are more fruitfully directed elsewhere. I ask, naively, therefore, why food cannot be wholly excluded from regulation by the EEC leaving each country to deal with its producers and consumers as it thinks best thus enabling member states to devote their attention to the remaining economic and political objectives of the EEC.

R. J. Siliver, Robert Silver and Associates, 23-24, Great James Street, WCI.

### Indefensible inconsistency

From the Deputy Chairman, Association of Insurance and Risk Managers in Industry and Commerce Sir—At present widely differing practices are being adopted by various water authorities with regard to charging for sprinkler connections.

There is little doubt that sprinklers are the most generally effective means of containing the majority of industrial fires, limiting their adverse consequences and protecting the lives of those present in ranges of industrial building which sustain major fires. The material damage cost of such fires in the 1978 year was over £300m, and

### Textiles and the EEC

UK market despite the UK's opposition to special treatment for goods produced under this system. We do recognise that a competitive advantage may be gained by firms in other EEC member states through outward processing, and there may be financial advantage to some UK firms in undertaking this type of trading. We are, however, equally convinced that increased use of outward processing by UK companies under present conditions would lead to a major loss of employment in Britain and to weakening the structure of the UK industry.

We are particularly concerned at the long-term implications of outward processing. Whatever the effect on trade in 1979, a decision to take up outward processing quotas would be bound to encourage the Commission and Mediterranean associates to seek further increases and UK firms to extend this mode of manufacture. Such an extension would not only be to the detriment of employment in the UK clothing industry but would soon lead to the transfer of upstream production abroad, thus weakening the entire textile chain of production. Far from having no viable and constructive alternative policies, textile and clothing unions in the UK are convinced that at the same time as opposing special treatment for outward processing, the EEC should regulate strictly such activity in other member states. Regulation should hinge around the basic tenet that all outward processed imports should be covered by existing quotas and agreed limits, and should come

### Common policy funds

From Messrs. A. Buckwell, D. Harvey and K. Thomson Sir—Mr. Godley (November 1) has attempted to help public discussion of the problems of the Common Agricultural Policy by suggesting that the European Commission should "tear up our cheque" of £1bn. The point of our original letter (October 28) was that this kind of approach is not likely to be very successful in the short run and might actually be counter-productive in achieving real reform of CAP in the longer run.

without incurring losses. An attempted deal on a sheep-meat policy might lose us New Zealand lamb.

(Sir) John Chadwick, Larkfields, Woodstock Road, Charlbury, Oxford

### Common policy funds

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**GENERAL**

UK: Sir Keith Joseph, Industry Secretary, addresses National Economic Development Council on poor productivity—Prince Charles attends meeting, Millbank Tower, London.

National Union of Mineworkers meets National Coal Board on pay claim.

Mrs. William Whitelaw, Home Secretary, speaks at Oxford University Conservative Association lunch, Oxford.

BL Board meets to approve new strategy—pay talks conclude.

National Union of Agricultural and Allied Workers demonstrate

**Today's Events**

about pay outside Ministry of Agriculture, Whitehall Place.

Prince Charles visits Lloyd's, Lime Street.

Men of the Year luncheon, Savoy Hotel, London.

Overseas: Mr. Jack Lynch, Irish Prime Minister, starts eight-day visit to US.

IMF sells 444,000 oz of gold, Washington.

King Carl Gustav and Queen Silvia of Sweden start three-day state visit to Austria.

**PARLIAMENTARY BUSINESS**

House of Commons: Supply day debate on steel industry.

Motions on members' interests. House of Lords: Debate on Government policies to deal with difficulties and opportunities facing the country.

Select Committees: Public Accounts—1977-78 Accounts of Manpower Services Commission. Witnesses: Department of Employment, Manpower Services Commission. Room 16, 4 pm.

**COMPANY MEETINGS**

Hampson Industries, Chamber House, 75 Rotherhithe Road, Edgmont, Birmingham, 12.

Thornorton Sec. Growth Trust, 25 Milk Street, EC, 12.30.

West of England Trust, 13 Canynge Road, Bristol, 12.

Zettlers, 56/58 Clerkenwell Road, EC, 11.30.

## At CMC, it's the people that count...

Computer Machinery Company burst on the data processing market in October 1969 with the novel idea of using a small computer to prepare data for a big computer: total staff 82...3. Come October 1979 staff totalled 128 and 74% of 'em are with CMC now helping to develop, produce and sell mini-computer systems.

Today, staff total 571 but employee involvement is as important, and just as evident, in '79 as '69.

Pretide to last year's introduction by Computer Machinery Company of SOVEREIGN Multiple Processor Keying (a development which gave data preparation departments their first ever multi-computer system) was a company-wide name-choosing competition.



## ...and that adds up to a better product

UK COMPANY NEWS

Companies and Markets

Whitbread profit rises nearly 14% at midway

FOLLOWING expectations of a reasonable half year result, Whitbread and Co. reports pre-tax profits of £36.3m for the six months ended September 1, 1979, up 13.7 per cent on the £31.9m of the same period last year. The growth trend is continuing during the second half, the directors say.

HIGHLIGHTS

The London stock market conducted an agonising U-turn yesterday afternoon when dealers caught sight of the October banking figures and the Lex column makes a reappraisal of current UK monetary policy. In the midst of yesterday's turmoil in the equity market Thorn Electrical was trying to have the equity part of its revised agreed bid for EMI underwritten. Lex looks at the off timing of this and considers why the two companies have done such a quick deal. Elsewhere Lex looks at the two major company results of the day, half-time figures from Whitbread and Acrow. Whitbread was broadly in line with market expectations but Acrow was well below outside estimates. On the inside pages comments are made on Capper Neill, Tern-Consultants, Marston, Romner, Eva and Carless Capel. There is also news of two rights issues, from Newman-Tonks and Clairance.

Stated earnings per share are up from 10.46 p to 12.33p and the interim dividend is lifted from 1.251p to 1.65p on capital increased by loan stock conversion and share options—the total last year was 4.757p on pre-tax profits of £54.35m. Looking further ahead, the directors say that, given reasonable trading conditions, continuity of good industrial relations and backed by the Group's high investments in the trade, they are confident of the ability to take full advantage of future trading opportunities.

market share, with the regional brands doing particularly well. Progress has been supported by the growing strength of the canned beer trade through the take-home division and the continuing expansion of catering outlets. Wines and spirits sales increased substantially at home and overseas with Long John International and Langenbach's Crown of Crowns turning in good trading performances. Increased profit contribution was achieved by the soft drinks division through substantially increased sales of Rawlings mixers and fruit juices and an improvement in the volume of R. White's lemonade. See Lex

Wellco ahead to £865,000

WITH TURNOVER ahead at £9.5m, compared with £7.8m, Wellco Holdings, electrical distributor and manufacturer and industrial property developer, increased pre-tax profits from £845,219 to a record £865,439 for the year ended June 30, 1979.

London & Provincial Shop rises

The net total dividend of London and Provincial Shop Centres (Holdings) is being stepped up from £229,989p to 1.285p for the year to June 24, 1979, with a final of 0.93079p. A year-end professional revaluation of investment properties including Westpoint shows an increase over book value of £20.7m. Net asset value per 10p share jumped 130 cent, from 146p to 336p. Gross rental income rose from £1.07m to £1.4m—as forecast midway. Current annual gross rental income is £2m (£1.1m). The directors say this will rise to £3.45m progressively over the next eight years, based on current rental values. These figures do not include any contribution from the letting of properties now under construction.

Acrow's £4.7m midway dive

REFLECTING THE serious disruption caused by the engineering strike and a drop in demand for cranes and containers, Acrow, the international engineering group, reports a sharp fall in interim profits—the first downturn registered by the group in 30 years. With turnover falling from £73.58m to £69m in the six months ended September 30, 1979, pre-tax profits slumped by £4.67m to £3.31m, which is well below market forecasts.

Mr. W. A. de Visser, the chairman says that the backlash of the transport dispute early this year and the engineering strike, together with a dispute at Adams Containers, which is continuing, affected output, sales and profits. This also had a detrimental effect on export orders and figures for the half year were down from £43.18m to £36.22m. Apart from the problems at Adams Containers, which was also affected by low world demand, Coles Cranes was hit by the troubles in Iraq. Since Iran's withdrawal from the market, demand for cranes has slumped and one of the company's factories has been on a three-day week since the end of July. Announcing a maintained net interim dividend of 1.5p the chairman says that he still looks to the future with confidence. The group is beginning to see the benefits of the modernisation programme and new products now available should contribute to future sales and profit performance.

Carless Capel jumps £3m to £3.83m in first half

TAXABLE profits of Carless Capel and Leonard jumped from £3.6m to £3.83m for the half year ended September 30, 1979 on turnover well ahead at £23m against £18.4m. A good second half last year lifted the full year's profit to £2.9m. The directors then said they expected the satisfactory trend to continue during the first half of 1979/80.

Following a dividend of 0.6826p, paid in August as a non-recurring payment following the lifting of controls, a second interim of 0.8p net is announced. And the directors intend to recommend a 1.25p final, although they do not expect second half profits to equal those of the first—last year there was a 0.4115p interim and a 0.6174p final.

Margins earned from the refining and marketing of most petroleum products have improved substantially on those which prevailed in the depressed markets early last year, directors explain. Rapid oil price escalation coupled with the "first in, first out" method of stock valuation have further increased profits, the cash flow from which, they say, is essential to finance the additional working capital needs of the business.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current Payment, Date, Corrected Dividend, Total for Year, Total for Last Year. Includes companies like Acrow, Allied London Props, Bradford Prop, etc.

conformed and sales are on a rising trend. comment If justification for the strong performance of oil stocks this year were needed, yesterday's figures from Carless, Capel and Leonard provided it. Oil prices rose by around 70 per cent during the first half, which largely explains the doubling in profits over the period. The increase in naphtha prices has been still more spectacular, so the earnings surge had been fully discounted and the shares actually lost 2p to close at 60p. A repeat performance cannot be expected in the second half and

Rise for Roberts Adlard

PRE-TAX profits of Roberts Adlard and Company, builders' merchants, increased from £305,000 to £330,000 in the first half of 1979, on turnover £0.9m higher at £5.9m. After tax of £172,000 (£158,000), net profit came through at £158,000 compared with £147,000. The net interim dividend is raised from 1.747p to 2p, and absorbs £48,000 (£42,000). Last year a total of £23.12m and a record profit of £707,000.

ISSUE NEWS

Newman-Tonks raising £2m at 57p per share

Newman-Tonks, the metal hardware manufacturer, is making a cash call of around £2m through a one-for-four rights issue. It proposes to issue 3,754,488 shares at 57p per share. The group also announces that an EGM will be held on November 30, at which shareholders will be asked to approve the sale of a 90 per cent holding in Decorates as well as an increase in authorised capital. The proposed sale of Decorates, which makes transfers and wall coverings, was first announced in August this year. The group said then that the sale would raise £540,000 in cash. A dividend of at least 5.1p on the increased capital is forecast for the current year, compared with 4.685p for the year to July 1979. Mr. Michael Wright, the

chairman, says in the accounts to be released today that he believes the enlarged group will show satisfactory results this year, provided there is no further serious industrial dispute. It is still too early to predict the outcome accurately, he adds. The rights issue, which has been underwritten, is the first since the original share listing in 1957. Recent expansion has involved considerable cash outlay which has been financed through a combination of internal resources and bank borrowings. The board says it is therefore appropriate to raise additional capital to reduce immediate short term borrowings and strengthen the balance sheet. The issues exclude the almost all unissued shares but the proposed increase in authorised capital would create a further 5m shares. Newman-Tonks' pre-tax profits for 1978-79 amounted to £3,050m, compared with £1.81m for the previous year. Sales rose to £34.64m from £22.25m.

Offshore UK drilling is under consideration and may take place next year, they add. Exploration and production activity is being increased in North America, where additional gas reserves have been

full-year profits should work out at slightly above £5.5m. This would put the shares on a fully-taxed p/e of 8.5, which is fairly demanding in the short-term but is merited by the potential from current exploration projects. For the time being, however, the group is striking a cautious note by forecasting its total dividend for the year. Excluding the special first interim payment, the yield is 4.9 per cent. NO PROBE The proposed merger between BTR and Campbell and Leherwood is not to be referred to the Monopolies and Mergers Commission.

Capper Neill Interim Statement

Table showing financial data for Capper Neill Limited. Columns: 30th Sept 1979, 30th Sept 1978, 31st Mar 1979. Rows: Turnover, Group trading profit, Interest payable, Group profit before taxation, Taxation, Group profit after taxation, Amount absorbed by dividends, Dividends per share.

\* Interim Dividend Substantially Increased \* Engineers' Strike Costs £300,000 \* Overseas Contracts Progressing Satisfactorily \* New Overseas Orders for £12 Million The Directors have declared an interim dividend of 2.1p per share, equivalent to 3.0p including related tax credit, and expect to recommend a similar final dividend in respect of the full year. Site construction engineering, both in the UK and overseas, has continued to perform well but the much publicised adverse conditions have caused problems in other parts of the Group which have contributed to the disappointing results for the first half year. Increasing activity throughout the Group confirms the Directors' expectation that the second half year will show a considerable improvement over the results now published.

Design, manufacture and erection of process plant for world industry.

LEARN IT HERE PRACTISE IT THERE. The next International Senior Executive Course at Manchester Business School runs from 17th March to 4th April, 1980. Includes a week in New York studying critical problems of multinational executive management and investment opportunities in the U.S. with leading Wall Street institutions.

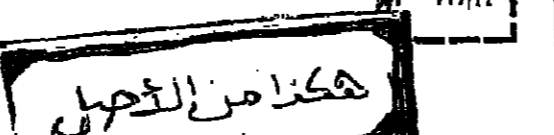
New Building Cost Review. Illustration of a building under construction with various stages labeled (e.g., JAN, FEB, MARCH, APRIL, MAY, JUNE, JULY, AUGUST, SEPTEMBER, OCTOBER, NOVEMBER, DECEMBER). Text: Building costs won't stop going up. But you can control them.

Building costs won't stop going up. But you can control them. No one's going to stop building costs going up for a while yet. But contrary to the impression you may have got from certain well-publicised contracts, costs can be kept under control—and a lot of the people who know how to do it are working for Bovis. Bovis save you money in two ways; by not wasting time and by technical ingenuity. When we re-constructed half of the former Biba building in Kensington for Marks & Spencer we finished in time for Christmas 1977, over a year earlier than orthodox methods would have achieved.

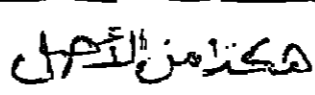
Chairman cash to expand Rotaco. By Alan Friedman. Clairance, the former Sri Lanka tea company which is headed by Mr. Oliver Jessel, is proposing a 1-for-2 rights issue at 15p in order to raise £200,000. Mr. Jessel says the money will be used to finance the growth of the Clairance subsidiary, the Rotaco diamond services group, which handles UK distribution of White-Westinghouse, Frieleaire and Scholtes products. Clairance lost its quotation in 1978 after the Government of Sri Lanka nationalised several tea plantations. But trading has been brisk under Rule 183 and the shares were at 23p yesterday after news of an interim pre-tax profit of £31.165 and dividend payout of 0.5p. The Board said that a further improvement in profit is expected in the second half. Clairance, which has a market capitalisation of around £627,000, is a holding company with three main interests. These are the Rotaco company, a stake in the Charles Clifford group (a Birmingham metals firm) and Eighttower Design Services (a manufacturer of drilling machines).

YEARLINGS UP TO 143.0%. The interest rate on local authority yearling bonds jumped a further half point yesterday to 14 1/2 per cent. Dated November 12 1980 the bonds are issued at par. This week's issues are: West Glamorgan County Council (£2m), Brentwood District Council (£1m), Walsall Metropolitan Borough Council (£1m), Shepway District Council (£1m), London Borough of Lambeth (£1m), City of Sheffield (£1m), Stafford Borough Council (£1m), City of Norwich (£1m), Borough of High Peak (£1m), Doncaster Metropolitan Borough Council (£1.35m), Metropolitan Borough of Solihull (£1m), Merthyr Tydfil Borough Council (£1m).

Bovis Construction Limited, Bovis House, Northolt Road, Harrow, Middx. HA2 0EE. Telephone: 01-422 3488. Please send me details of your services. Name, Company, Address, Tel.







Companies and Markets

UK COMPANY NEWS

Eva static but hopes for better second half

Tern-Consulate expects continued growth

DESPITE A profit downturn in the 26 weeks ended September 29, 1979, the directors of Eva Industries remain optimistic for the second half "provided the country can avoid yet another major industrial confrontation."

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Table with financial data for Eva Industries, including Sales, Profit, and Dividend for 1979 and 1978.

Table with financial data for Tern-Consulate, including Sales, Profit, and Dividend for 1979 and 1978.

As previously indicated, any new arrangements in Uganda will not be completed in the short term.

No specific developments are reported from the continuing litigation arising from the Robert R. Stockis (Manchester) acquisition in 1977, the directors state.

comment

As one of the first companies to report results which include the period of the engineering dispute, Eva Industries is of some interest. The 11.7 per cent pre-tax profit decline did not dent the shares remain unchanged at 51p.

PROFITS MORE than doubled at Tern-Consulate, shirt, tie and knitwear manufacturer, in the six months to June 30, 1979, rising from £102,168 to £204,777.

And although High Street sales have not been encouraging since the June Budget, says Mr. P. J. Barden, chairman, the group's diverse product range and marketing policies will ensure a reasonable second half.

Turnover for the period went ahead by 60 per cent, from £2.03m to £3.27m, and the profit is struck after interest of £47,202 (£44,234). There is no tax charge this time (£13,507).

There are currently 50 "Tern Shops" throughout Japan and it is planned that this number will double by the end of 1982. Inigo

Jones will start with 20 "Complete Man" shops and a similar growth pattern is expected.

comment

Even stripping out the contribution from Robert Charles, acquired last November and chipping in £450,000 to sales in the first half, Tern-Consulate has come up with some impressive-looking figures. The traditional seasonal bias will not apply this year because of the greater proportion of spring/summer wear and the tough conditions in the retailing market after the "beat the VAT spending spree."

The group has entered into a royalty licensing agreement with the Nishio-Iwai Company of Japan, giving it exclusive use of the brand names "Tern" and "Inigo Jones" for Japan and China.

Christmas will have some impact on growth.

Christmas will have some impact on growth.

Record year at Jessups

AS EXPECTED, Jessups (Holdings) has turned in record results for the year ended August 31, 1979.

Even stripping out the contribution from Robert Charles, acquired last November and chipping in £450,000 to sales in the first half, Tern-Consulate has come up with some impressive-looking figures.

The final dividend is anticipated 2p lifting the year's total from an adjusted 1.85p to 3p.

The interim dividend is being maintained at 2.4p per share - last year's total was 5.36p from pre-tax profits of £1.98m.

Out of 26 weeks' trading, one half of the UK subsidiaries' companies were directly affected by the engineering strike and an overtime ban for 10 weeks, and all UK companies were indirectly affected during that time, the directors say.

The engineering services, forging and foundry, and investment divisions were all progressing favourably up to the end of July and the directors believe this progress will be resumed during the second half.

Discussions regarding hand tool manufacturing in Indonesia continue but progress is slow.

Some of the companies in the engineering products division were significantly handicapped by the industrial action and all initial setting up expenses in relation to the manufacture of the "Trantor" have been written off against revenue.

Prospects for the division during the second half are for useful improvement, the board states.

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Discussions regarding hand tool manufacturing in Indonesia continue but progress is slow.

Lister regains momentum after slow first quarter

ALTHOUGH the dual impact of the transport strike and bad weather has continued to affect retail trading at Lister and Co. in the first quarter of the current year, since June the full sales momentum has been regained.

The group, a textile manufacturer and a supplier to Marks and Spencer, is now looking at an order position which will carry it through to the New Year, reports Mr. I. E. Korbers, chairman.

In the first half of the year ended March 31, 1979 an advance from £338,000 to £805,000 in pre-tax profit was shown and the directors said that profitability continued to improve.

To finance this spending the overdraft was increased from

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FALL BY LONDON ENTERTAINMENTS

Taxable profits of London Entertainments, theatre production and management concern, fell from £81,107 to £46,978 in the second six months to August 31, 1979, leaving the full year's figure lower at £127,961 against £146,302 previously.

After tax of £46,944 (£37,182), yearly earnings per 20p share slipped from 2.43p to 2.21p. The dividend is 1.57p net, against 1.5p.

The compulsory order made on October 29 against Foxallite was rescinded and adjourned for 21 days after the Inland Revenue, as supporting creditor, was given leave to be substituted.

A compulsory order made on October 29 against Crowforest was rescinded and adjourned for 14 days, with leave to amend and re-serve the petition on the company's new registered office.

A compulsory order made on October 29 against Foxallite was rescinded and adjourned for 21 days after the Inland Revenue, as supporting creditor, was given leave to be substituted.

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47 companies wound-up

Orders for the compulsory winding up of 47 companies were made by Mr. Justice Oliver in the High Court. They were: Hansa Milk, Zakward Properties, Eurnamco, Blake Rooney and Amancer (UK).

Air Replacements (Nottm.), Cavalcade Developments, D. W. Miles (Haulage), Donnellan (Plant Hire), Brimpton Hatch and Blake and Son (B and T).

MDS Magazine Distribution Services, Cambrian Mortgage Brokers, H-Lins Ashtals, Tuxford Brothers (Dry Lining Systems), Templars Investments and Madgal (Printers).

Mead Carney and Co., The Midland Design and Building Centre, Sweetmanor, BC Draughting Services and Geoff Gill Associates.

L. C. Evis and Co., W. J. Green (Painters and Decorators), Ragbald, R and BW Civil Engineering Contractors, Nordic Steel (Scan-Form) and B. Healey Haulage.

Token Television Maintenance, The Court Ballrooms (Balham), Cawsons (Machinery) Company.

Intelligence, Lee Electrical Installations (Barking) and Newbold and Dobson (Commenza Wear).

R and G Auto Services, R. A. Gregory (Car Sales), Seal (Motor Panels), Lurkhurst Builders, Gerald Kemp (Motor Racing Development and Carpet City (Leoughborough)).

Holt Southey, Joy and Sue Guppy, Pekens (Builders), Super Specialised Heating Services, Saltona Construction, Homedell and Argy (Iron and Steel).

The compulsory winding up orders made on October 29 against Tyrella Company and Jitem (Properties) were rescinded and the petition dismissed by consent.

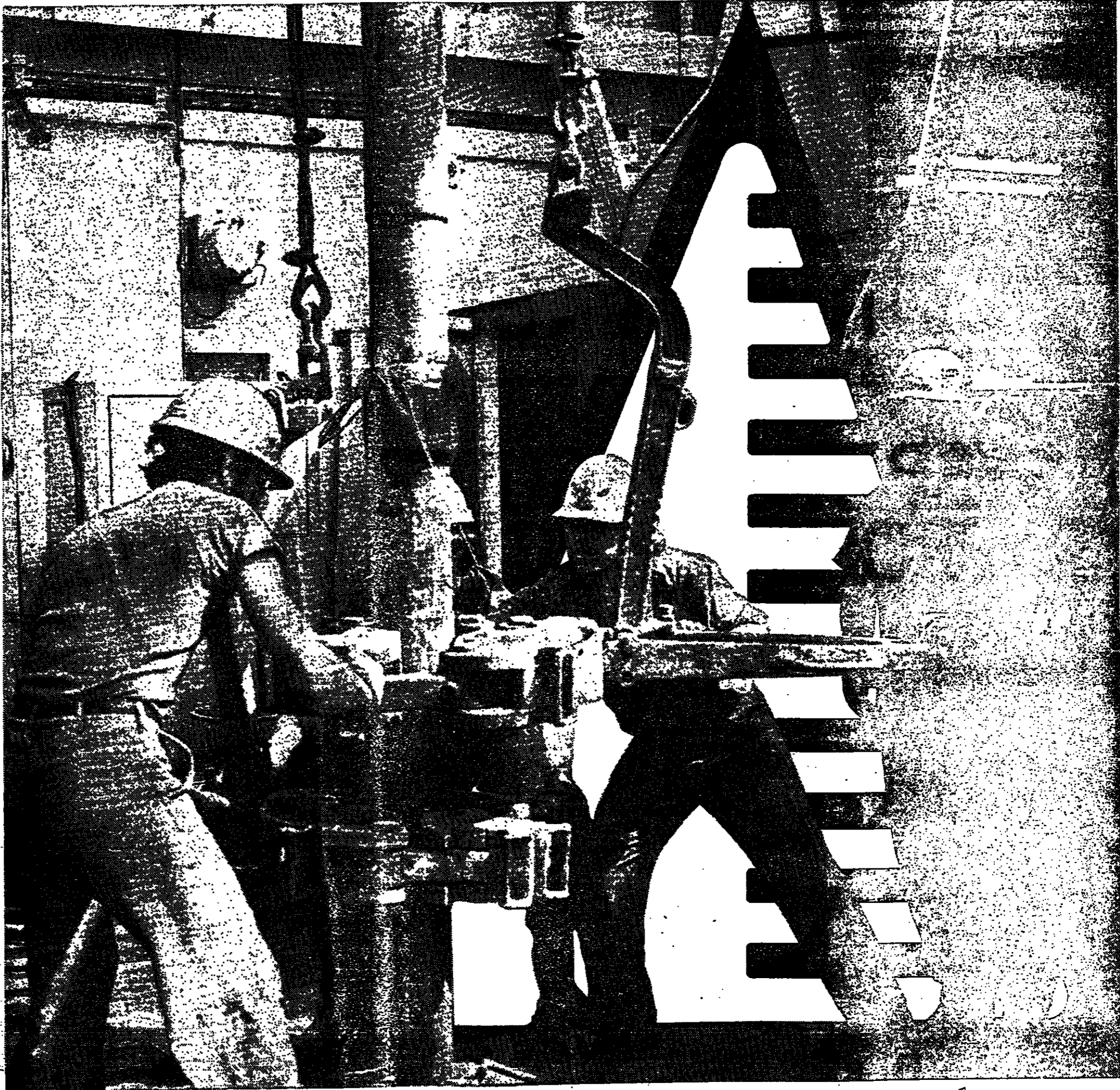
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COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

In a letter to Shareholders dated 22nd October 1979 the Chairman, Mr. Jacques MULLIER, commented on the unaudited results for the first six months of the current year as follows:-

At Company level the net profit stood at Frs.20 million compared with Frs.19.8 million a year previously.

At Group level the consolidated figures, expressed in millions of francs, are as follows:-

Table with financial data for COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE, including Turnover, Net Profit, and Net Situation for Group and Interests outside Group.

The relatively modest increase in turnover was partly as a result of the 60% devaluation of the Cedi in August 1978 coupled with the disposal on 1st January 1979 of the Paris-based SODIM/PARIS-MEDOC chain of retail stores.

In the North Sea Bankers Trust provides the energy specialists and the financial muscle.

The Bankers Trust Pyramid is well known in the North Sea. Not only is it the symbol of a transnational bank of considerable weight, but of a group of bankers whose financial expertise is more than equal to the formidable needs of those who plan, explore and develop European energy interests.

needed. Our geologists and engineers will go anywhere that our North Sea customers need us. We are currently working with most of the major North Sea oil and gas producers and many of the smaller ones, too. We are also working with a high proportion of those providing the specialised equipment and ancillary services for the energy industry.

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# WHITBREAD

AND COMPANY LIMITED

## HALF YEAR REPORT

Results for the six months ended 1st September 1979

Whitbread and Company Limited announce unaudited results for the six months to 1st September 1979, and an Interim Dividend of 1.45 pence per share (1978/79=1.3234 pence). The Interim Dividend represents an increase of 24.7% and reflects an additional payment in respect of the Final Dividend for the year to 3rd March, 1979, which was declared prior to the reduction in the basic rate of income tax from 33% to 30%.

### Turnover and Profits

The consolidated turnover for the six months was £365,253,000, an increase of 13.9% over the same period last year. Profit before Tax and Extraordinary Items was £36,311,000 and Profit after Tax was £28,411,000 showing increases of 13.7% and 19.3% respectively. This was achieved despite the Price Commission intervention, which delayed full implementation of price increases from March until June and cost us approximately £5,000,000 in profits. We welcome the present Government policy of less interference in business which enables us to concentrate all our efforts on trading and greater productivity.

### Trade

Despite some loss of sales caused by industrial problems at our Luton Brewery earlier in the year, we sold more beer than in the same period last year and we continued to gain market share.

We are encouraged by the reception of our new lagers, Heldenbrau and Kaltenberg, and we are confident that these, alongside Heineken and Stella Artois, will ensure that we continue to take advantage of all segments of the growing lager market. Our new brewery at Magor will be in commercial production next spring and this additional capacity will play an important part in meeting our future lager targets.

Led by Trophy Bitter, our ales continue to build market share, with our regional brands, such as Marlow Bitter, Tuskar, Pompey Royal and Welsh Bitter doing particularly well.

Our progress has been supported by the growing strength of our canned beer trade through our Take Home Division and the continuing expansion of our catering outlets.

Our wines and spirits sales have increased substantially both at home and overseas with Long John International and Langenbach's Crown of Crowns turning in good trading performances.

Increased profit contribution was achieved by our Soft Drinks Division through substantially increased sales of Rawlings mixers and fruit juices and an improvement in the volume of R. White's lemonade.

Brewery, Chiswell Street, London EC1Y 4SD

# WHITBREAD



## Canada must step up mine development

BY KENNETH MARSTON, MINING EDITOR

UNLESS MINERAL exploration is encouraged in Canada, particularly in the northern part of the country, its mineral output will not be sufficient to meet domestic and foreign requirements beyond the 1980s, according to Mr. John McCreedy, president of the Mining Association of Canada.

He estimated that by the year 2000, as many as 230 new mines would have to be developed if Canada was to hold on to its share of the world mineral market, reports John Seganek from Toronto. Mr. McCreedy said that this meant that 13 new mineral deposits would have to be brought on stream annually.

However, the rate of discovery of new deposits in Canada has declined from a peak of 14 in the early 1950s to an average of five in the period 1971-75. He pointed out that availability of new reserves was governed by the relationship of metal prices and return on capital to operating costs.

Higher metal prices could dramatically improve the reserve position by bringing in previously uneconomic ore. Our vast reserves of minerals is further evidenced by indications that upwards of 1,000 identified mineral deposits are currently not being mined in Canada.

On a hopeful note, Mr. McCreedy said that progress was now being made in Canada to formulate resource policies which recognised the cyclical nature of mining and the need for greater harmony, equity and stability in

De Beers is understood to have changed its arrangements for transporting diamonds from South Africa to London. Instead of coming direct, the bulk of them are now routed via Switzerland and this partly explains why the value of South Africa's total exports to the UK fell sharply in the first six months of this year.

But why De Beers has been sending its diamonds by an indirect route remains a mystery. A spokesman for De Beers was unable to throw any further light on the matter yesterday, although he confirmed that London remains the diamond sorting and valuing centre and that the regular "sights" sales held 10 times a year to which selected dealers are invited—will continue to take place in London.

federal-provincial tax systems, as well as areas of overlapping and concurrent jurisdiction.

### Oakbridge and Sumitomo in new coal deal

OAKBRIDGE, the Australian coal and industrial group, is expanding its links with the Sumitomo group of Japan. Two Sumitomo units are spending A\$7.55m (£4m) to acquire a 20 per cent stake in Oakbridge's Wallerawang colliery.

Sumitomo has a 15 per cent interest in another Oakbridge

colliery, the Hermitage, which yoke Wallerawang, is near Lithgow in western New South Wales.

Wallerawang production has been running at 800,000 tonnes a year but reserves at the present mine are running down. The Sumitomo companies are to undertake a feasibility study of a nearby development area with the idea of raising production to 1.5m tonnes a year.

The Oakbridge-Sumitomo agreement will come into effect on March 31, 1980, provided the Australian and Japanese Governments give their approval. Oakbridge said in Sydney yesterday.

Development costs will be met in proportion to the shareholdings in the project. Should the project come to fruition it will help to add substantially to Oakbridge's total output. Its expansion plans also encompass a joint venture with British Petroleum at the Clarence colliery, another New South Wales operation. Oakbridge shares in London yesterday were 139p.

### ROUND-UP

Production revenue from its Western Australian tin mine totalling A\$1.05m allowed Eastview Resources, the Australian exploration company, to record its first quarterly operating surplus. Income for the three months to September was A\$208,516 (£111,120). The shares at 18p.

Amax, the diversified U.S. group, has set up Amax Australian Ventures, thus restructuring its Australian interests. The principal function of the new company will be to facilitate liaison with the company's co-venturers at the Mount Newman iron ore project and to investigate new opportunities. Assuming success, the new company will invite local equity participation.

Freeport Minerals, the New York-based group, has declared its regular quarterly dividend of 30 cents (14.5p).

Colombia's reserves of uranium oxide could total 40,000 tonnes, according to Mr. Michel Hermelin, director of the Institute of Geological Investigation and Mines in Bogota. Survey work has been carried out by Canada of Spain and Minatome of France.

Marubeni announced in Tokyo that it had agreed to work with the BHW group of Texas on a feasibility study for the development of coal in the Beluga district of south Alaska. Marubeni hopes to be able to import 4m tonnes of coal a year for Japanese power companies. Reserves at Beluga are said to be 500m tonnes.

## Vanadium boost for Poland

WORK IS to start early next year on an iron mine and beneficiation plant in north-eastern Poland which could be producing from 25 to 30 per cent of present world production of vanadium pentoxide by the end of the next decade, reports Christopher Bobinski from Warsaw.

According to the Polish Ministry of Metallurgy, the iron ore deposits at Krzemionka, near Suwalki, contain vanadium and ilmenite and it is expected that construction of a pilot mine with planned annual capacity of 8m tonnes will take from eight to 10 years.

The iron ore mined at Krzemionka will be used for domestic production while an agreement for the delivery of vanadium and ilmenite has been signed with a West German consortium headed by Metallgesellschaft.

Exploitation of the iron ore will begin at a depth of 1,000 to 1,200 metres. The deposits are as deep as 2,000 metres or more. Deposits similar in geological structure and content are mined at Gramskai in Finland.

Initial financing worth DM 750m (£202.4m) has been provided by the West German Dresdner Bank, the Bank für Gemeinwirtschaft, Commerzbank and the Deutsche Bank.

## 21% advance by Barclays National

Maintaining their growth pattern in the second six months to September 30, 1979, pre-tax profits of Barclays National Bank for the 12 months to that date improved some 21.4 per cent from R69.2m to R73.1m. The company is a 64 per cent-owned subsidiary of Barclays International.

The year-end is to be changed to December 31, so full details of how the increase was achieved will not be available until early next year. However, it appears from the second interim report that the group benefited from a lower bad debt provision and a channelling of lending through its subsidiary Western Bank, taking advantage of better hire purchase and leasing returns.

At the net level profits moved ahead from R36.8m to R48m. Total deposits rose to R4,356m (R3,390m) while advances and other accounts (which include leasing and hire purchase) increased to R2,946m (R2,574m). Earnings per share are up from 69.1 cents to 80.1 cents and a dividend based on figures for the extended period to December 31, 1979 will be declared next February.

## Cominco will develop new Arctic mine

COMINCO, the Canadian metals group, is to make an immediate start on the development of a new zinc-lead mine in the Arctic at a cost of C\$150m (£81.1m). Agreement has been reached with the Canadian Government on conditions for the development of the mine at the Polaris deposit owned by Arvik Mines.

The deposit is on Little Cornwallis Island, about 90 miles south east of the magnetic North Pole. It has estimated ore reserves of 23m tonnes, grading 14.1 per cent zinc and 4.3 per cent lead. Once in full production, it would be the world's 11th largest zinc-lead producer.

Output is expected in 1982.

The planned operating rate is 2600 tonnes a day, giving an annual production of 170,000 tonnes of zinc concentrates and 30,000 tonnes of lead concentrates.

Concentrates will be taken out by ice-breaking bulk carriers, and Cominco said agreements had been signed for the treatment and sale of the output. But it gave no details of the sales contracts or the financing arrangements for the mine's development.

The development of Polaris was foreshadowed last June, when Cominco disclosed that it planned to spend C\$600m on bringing three new mines to production in the next five years. One of these is Polaris. The other projects are the Que River lead-zinc deposit in Australia and the valley Copper deposit in British Columbia.

# A STEP BY STEP GUIDE TO PROFIT IN WALES.

Wales is well placed to help the company looking to expand. It's the nearest assisted area to the major markets of London, the South East, the Midlands and continental Europe.

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### Welsh Development Agency

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# Shipping & engineering push Ropner ahead

**THE TAXABLE surplus** of Ropner Holdings rose from £1.71m to £2.08m in the six months to September 30, 1979—increased profits on the shipping and engineering sides offsetting downturns in insurance broking and property development.

The directors expect the full-year profit to show a significant increase over the £2.85m (£2.37m) achieved last time.

The net interim dividend is stepped up from 1.1886p to 2p—a total of 3.1959p was paid in 1978-79.

Turnover for the half-year rose from £3.05m to £11.03m. After tax of £1.06m (£0.89m), earnings per 25p share are given as 6.5p (5.4p).

Shipping profits—well ahead at £870,000 (£350,000)—include the trading results of m.v. Appleby which was delivered in October, 1978. The increased turnover charge of £417,000 (£283,000) reflects the interest payable on the loan relating to that ship.

Engineering profits—up from £948,000 to £1.36m—include six months' surplus from Frederick Greenwood and Sons (Holdings), acquired at the end of last year. Insurance broking profits slipped from £216,000 to

£187,000, while property development was lower at £128,000 (£194,000). Investment income fell to £102,000 (£282,000).

	1979	1978
Turnover	11,030	3,047
Depreciation	1,000	758
Profit	1,954	1,514
Associates	73	184
Profit before tax	2,027	1,708
Tax	1,055	890
Net profit	972	818
Minorities	235	176
Dividends	669	625
Retained	303	193
Available	964	802

**comment**

With the bulk of its ships on long term charter and a useful cushion of engineering interests, Ropner Holdings has sailed through the shipping recession unscathed. Interim pre-tax profits are 19 per cent higher, the interim dividend is up by 88 per cent and the group is talking of a "significant increase" in full year profits. Ropner does not seem to have been affected by the engineering dispute and the shipping side is benefiting from the recent strength of the bulk shipping market. Full year pre-tax profits could be up from £2.8m to £3.5m. On the conservative assumption that the group pays a dividend of 4p net for

1979-80 the shares yield 8.9 per cent and sell on 5.6 times prospective fully taxed earnings.

# E. J. Riley upsurge to £0.8m.

Profits before tax of E. J. Riley, the snooker and furniture group, rose almost 62 per cent from £496,913 to £803,023 in the year ended July 31, 1979, on turnover up from £4.95m to £8.33m.

Earnings per share are stated as 6.73p against 4.22p and the final dividend is lifted from 1.6p to 2.25p making a total of 3.5p compared with 2.6p previously.

Extraordinary debits in the year total £2,968 (£9,286) comprising £13,685 (£27,789) losses on termination activities, £10,720 profit (£8,537) loss on sale of property and a £20,000 overprovision in the previous year in relation to guarantee payments.

# Martonair earns and pays more

Martonair International, manufacturer of pneumatic control equipment, reports increased taxable profits of £5.72m for the year ended July 31, 1979, compared to £4.89m last time.

The surplus is a record, as forecast at the halfway stage, when pre-tax profits were ahead from £2.09m to £2.51m.

Turnover for the year is up from £30.47m to £35.89m. The profit is struck after interest of £138,000 (£118,000) and there is an increased tax charge of £2.71m against £2.25m, restated following the adoption of SSAP 15.

The net final dividend is increased 5p, making 6.75p, compared with an equivalent 5.4818p.

	1979	1978
Turnover	35,886	30,469
Trading profit	5,858	5,026
Interest	138	118
Pre-tax profit	5,718	4,888
Tax	2,707	2,251
Net profit	3,011	2,637
Minorities	33	12
Available	2,978	2,625
Dividends	285	213
Retained	2,693	2,412

**comment**

It has been a good year for Martonair International. Higher wage costs and the lack of skilled labour in industry generally have helped the group sell its pneumatic control equipment in a move to further automation, particularly on the continent, which now accounts for over two-thirds of sales. The company also increased prices and experienced an average volume rise of 8 per cent. Exchange conversion could have cost the group a lot more than the estimated £150,000 which was shaved off the top of pre-tax earnings. Elsewhere trading seems to be picking-up in France, where Martonair has sizeable interests. The total net dividend might have been put up a little more, but the 23 per cent increase lifts the yield to nearly 6 per cent at 170p. The fully

taxed p/e of 7.7 is not too high for a company with prospects for continuing growth.

# Clement Clarke improves

FOLLOWING a rise to a record £1.26m for the previous year, taxable profits of Clement Clarke (Holdings), engineering opticians, improved to £588,000 for the first half of 1979, compared with £533,000. Turnover for the period was £5.36m against £4.58m.

And the directors are confident that targets will be met for the full year, provided the economic and industrial position does not deteriorate.

After six months' tax of £243,000 (£249,000) net profits came through at £355,000 against £284,000 giving earnings of 5.55p (4.4p) per 25p share.

The net interim dividend is effectively increased to 1.0468p (0.7882p)—last year's final payment was an adjusted 1.0259p.

The optical and surgical instrument subsidiaries produced satisfactory figures, although the expected increase in home instrument sales did not materialise due to the continued static ordering position from the NHS, directors say.

Currently the optical retail sector is continuing to increase, and historically directors expect its best figures in the second half. Negotiations are in an advanced stage for a number of new optical branches and these should be operating before the end of the year.

The instrument subsidiaries are still experiencing slow domestic sales growth, and they feel there is some evidence that the strength of sterling overseas is having an effect in certain export markets.

# Bridport-Gundry second half fall

EXTERNAL TURNOVER of Bridport-Gundry (Holdings) rose from £12.39m to £14.1m for the year ended July 31, 1979, but reflecting the effects of intense competition, pre-tax profits of the netting and cordage manufacturer were lower at £763,000 against £731,000, after a drop from £973,000 to £439,000 in the second half.

The result was struck after increased exchange losses of £75,000 (£21,000). The group's UK companies suffered from the effects of the strong pound and the volume of export business and profit margins were both under pressure.

The group's raw materials which are mainly oil-based have risen rapidly in price during the period. However, the position has stabilised and the volume of stocks, which was increased to obtain materials at the lowest cost, is expected to fall to normal levels.

Mr. R. W. Holder, the chairman, warns that the current year will be difficult for the textile industry. However, confidence in a management analysis of group activities and a strong balance sheet have led the Board to budget capital expenditure on new plant and machinery of £975,000 in the current period, of which £80,000 has already been approved. Expenditure in the year under review was £293,000.

Orders remain generally satisfactory throughout the

group, but the chairman adds that none of the large enquiries on the defence side, referred to in the interim report, has yet resulted in an order, although negotiations continue.

Yearly earnings per 20p share rose from 6.26p to 7.27p and the total dividend is lifted to 2.41p (2.1p) net, with a 1.42p final dividend for 1978-79.

	1979	1978
External turnover	14,104	12,391
Profit before tax	763	731
Taxation	77	241
Net profit	686	540
Minority interest	24	21
Exchange debits	103	72
Extraord. debit	1	17
Attributable	538	454
Pref. dividend	211	184
Ord. dividend	327	264

"No provision has been made for deferred tax arising from timing differences as, in the directors' opinion, this will not become payable in the foreseeable future." Credit.

On the Twisted Products side, Pearlsalls recovered its place as the group's strongest profit earner, significantly expanding its activity as a specialist manufacturer of high grade industrial textiles.

Since the year-end, contracts have been exchanged for the sale of the factory in Tancred Street, Taunton, on satisfactory terms, while arrangements have been made to lease a further 20,000 square feet extension to the production facility in Priorswood, Taunton. These moves, which will be completed in about 12 months' time, will improve Pearlsalls' overall efficiency.

North Mills textiles progressed satisfactorily, but suffered from the effects of the Bridport flood in May and had this not occurred, profits would have been exactly on budget.

In the netting division, the factored marine trade and the trawl-making businesses in Scotland and Ireland did well, and service to the fishing industry will be improved by this section's acquisition of a majority interest in J. and W. Stuart of Musselburgh.

Control of the manufacture of sheet netting has been transferred to the twisted products division.

The company has continued to improve the quality of its Hayward "seaspeed" sailcloth and is introducing modern machinery in the narrow fabric side of the weaving business. Although profits were again disappointing, much was achieved by the management to give the Board confidence in the future.

Brownell in the U.S. had a good year, exceeding budgeted profits. Since the year-end, the small business in Anglers' Lines has been sold, on which margins were poor. The space made available is helping the group to expand into the field of air cargo nets and to improve further the efficiency of "Edwards" sports nets, the progress of which, the chairman says, has justified buying back the franchise from the former distributors.

# Marginal midterm drop at McInerney Properties

WITH THE bad weather of the first five months of this year having a more severe effect than anticipated, and the credit squeeze in Ireland causing further delays in sale completions and also increasing costs, pre-tax profits of Dublin-based McInerney Properties fell marginally from Irish £465,000 to £454,000 in the first half of 1979.

The directors say that full year results may be below expectations but the outlook for 1980 is more promising despite the unsettled conditions.

Competition for contract work has continued to be very severe

and the level of the workload is reducing. However, prospects for design and building schemes using the group's Macframe system are more promising.

The length and extent of the credit squeeze have made the outlook more difficult to forecast. After quite a drop in overseas turnover for the current year, there are definite signs of much greater activity in 1980.

	Six months	12 mths.
	1979	1978
Grp. turnover	19,282	16,122
Private sale	2,253	1,083
Contracts	14,029	13,388
Other sales	1,270	1,681
Pre-tax profit	454	465

حکومت العراق

Our management structure is now as follows:

**Directors**

Harry V. Keefe, Jr. Chairman & CEO  
 Gene F. Bruyette Vice Chairman  
 Charles H. Lott President  
 Gordon W. Shand Executive Vice President  
 Sally A. Stowe Executive Vice President & Secretary

**Management Committee**

Directors as listed above, plus:

Joseph J. Berry Senior Vice President Equity Sales  
 Daniel J. Byrne Senior Vice President Bank Stock Trading  
 Michael C. Connor Senior Vice President Corporate Finance  
 John R. DeMarco Treasurer  
 C. Edward McConnell Senior Vice President—Banking Research

**Keefe Management Services, Inc.**

Charles H. Lott President  
 Ronald A. Wittreich Vice President Bank Information Services  
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**BIDS AND DEALS**

**Averys to make profit statement next week**

Shareholders in Averys, the weighing machine company which is fighting hard to ward off General Electric Company's £90.4m bid, have been promised a forecast of higher dividends and a statement on the full year's prospects.

Averys said yesterday that despite delays in the availability of information due to the recent engineering dispute, it would make the statement after a Board meeting on November 13.

In the middle of last month, Averys said a profit forecast was both unnecessary and difficult because of the dispute. At the half-year stage, it showed a pre-tax advance from £6.1m to £7.2m. Last year's dividend was a net 8.85p compared with 5.87p, and it is paying a 4p interim this year after 2.15p last year.

Mr. Richard Hale, the Averys chairman, said the dividend for 1979 is likely to be above the 12p that most people seem to be expecting. As for the statement on profits, "we think it will be encouraging," he added. He said the fall in the market was a factor behind Averys' statement yesterday, though "we've no reason to think that people are wavering at the moment."

**EAGLE STAR LIFTS STAKE IN SUNLEY**

Eagle Star Holdings has added another 355,000 shares to its 33 per cent stake in Bernard Sunley Investment Trust, the property and construction company.

The move follows its near £100m bid for Sunley announced last Friday.

Eagle Star acquired its additional 2.2 per cent stake by buying 250,000 shares at 61.5p and 105,000 shares at 59.6p per share. The total consideration is £23.17m.

**CORAL LEISURE**

Northern Trust Company has acquired 155,000 shares in Coral Leisure Group, representing 0.2 per cent of the equity. Mr. Trevor Hemmings, a director of Coral, has a controlling interest in Northern Trust.

**WINCHESTER TST.**

Acceptances of the offer for shares in Winchester London

Trust not already owned by Mr. J. Gardner and Mr. M. Fisher have been received in respect of 1,756,165 shares (64.1 per cent). They now control 1,722,665 shares (64.63 per cent). The offer is unconditional and remains open until November 30.

**Yule Catto has 12.9% of Gas and Oil**

Yule Catto has acquired 813,800 ordinary shares in Gas and Oil Acreage at 210p per share. The acquisition represents 12.9 per cent of the present capital of Gas and Oil. The total consideration, including expenses of the transaction, amounts to £17.4m and will be met from Yule Catto's existing resources.

Gas and Oil Acreage has a 23 per cent direct working interest in the British sector of the North Sea and a 24 per cent net production interest in that part of the Buchan Oil Field in Block 21/1. It also has a 5 per cent direct working interest in that block outside the field area, together with a number of other exploration interests in the British and Dutch sectors. The Buchan Field is scheduled to start production early in 1980.

Yule Catto said yesterday that the investment will be financed from its own existing liquid funds arising from the sale in 1978 of a 35 per cent holding in its rubber and oil palm plantations to Malaysian interests. It regarded its latest move as an excellent opportunity to invest in natural resources with good growth potential.

**SHARE STAKES**

Duple International—W. S. Yeates has bought 325,000 Ordinary shares, bringing its total holding to 4,741,668 shares (11.93 per cent).

Buenos Aires—M. Y. Dart is now the beneficial holder of 295,000 Ordinary (12.97 per cent).

Almatt London Properties—Kuwait Investment Office has acquired an interest in 75,000 Ordinary, making holdings 2,050,000.

**D. DIXON-MONTFORT**

The documents relating to the offer by David Dixon and Son Holdings for Montfort (Knitting Mills) have been posted to shareholders.

The meeting of Dixon shareholders to approve the acquisition has been convened for November 22, 1979. Acceptances under the offer should be received not later than November 27.

**OIL AND GAS NEWS**

**Nerlerk testing suspended**

CANADA'S Dome Petroleum has suspended testing operations at the Nerlerk and Tarsut wells in the Beaufort Sea because of the onset of winter conditions but says that it regards the presence of all in the Nerlerk well as highly significant.

Testing operations at both wells will resume in the 1980 season. Nerlerk was drilled to 16,207 feet and Tarsut to 14,537 feet.

At Nerlerk testing of two lower zones recovered non-commercial oil and water. Extensive oil-stained reservoir sand sections remain to be tested. At Tarsut two lower zones which exhibited oil staining were tested but because of mechanical difficulties these zones will be re-tested next year. In 1980 it is proposed to deepen Tarsut at least 1,000 feet below the existing total depth and thereafter resume production testing.

Four drills are being used in Dome's Beaufort Sea operations. One is anchored at the newly dredged winter harbour site at McKinley Bay, while a second is en route to the same location.

The two other drills will continue to conduct relatively

shallow drilling operations, one at the Kopanoor stepout well which is 2 1/2 miles from the Kopanoor M-13 oil discovery and the other at the Koakoak well 3 1/2 miles east of Kopanoor.

By commencing the Kopanoor stepout this season the company says it hopes to reach the potential oil productive interval during early August, 1980.

Two new wells drilled by Natomas outside the previously known production boundaries of the Selatan field in the south-east Sumatra contract area in the Java Sea of Indonesia have proved successful. They confirm sufficient reserves to begin development of a new platform—Selatan C.

Selatan C is the third platform in the Selatan field, and will be located approximately two miles southwest of Selatan A and one and a half miles west south west of Selatan B. Production is scheduled to begin in the third quarter of 1980.

The Selatan 12 well flowed at a cumulative rate of 957 barrels of oil per day and Selatan 4, an earlier well about three quarters of a mile from Selatan 12, flowed

at a cumulative rate of 979 barrels of oil a day.

France's STE Nationale Elf-Aquitaine has been granted offshore exploration rights by Angola's state oil company Sonangol, according to ANGOP, the Angolan news agency.

The agreement, announced by the Angolan Oil Ministry, would involve a \$41m investment by the French company over a three-year period. The concession covers an area of 4,000 square km and requires Elf-Aquitaine to undertake a seismic study and to drill 10 test wells.

Elf-Aquitaine will be the operating company and hold a 50 per cent interest but the group will include other foreign companies. The names of the partners, however, were not revealed. After costs have been recovered Sonangol will retain 15 per cent of the oil production in initial phases rising to 95 per cent later, ANGOP said.

Cities Service has signed a contract with Tunisia to explore a 180,877 acre offshore area. The company's initial commitment is to conduct a geophysical survey and drill one test oil well.

**Allied London ahead to £1.2m**

**TAXABLE PROFITS** of Allied London Properties, the property investment group, increased from £1.07m to £1.23m in the year to June 30, 1979, on higher turnover of £7.73m, against £6.51m. At midway, the surplus was up at £521,379 (£489,530), and the directors expected the full-year profit to be ahead of last time.

The net total dividend is held at 2.06458p, with a final of 1.65732p. After tax of £506,267 (£209,523), stated earnings per 10p share are down from 7.49p to 6.19p.

**Scottish National increases**

**REVENUE** of Scottish National Trust Company rose from £1.44m to £1.7m in the year to September 30, 1979, after tax of £92,154, against £816,074. Gross revenue was up from £3.2m to £3.5m.

The net total dividend is lifted from 3.9p to 4.65p, with a final of 3.05p. There is also a special payment of 0.6875p from the total special deferred dividend received from Shell.

Stated earnings per 25p share are 5.18p (4.34p). Net asset value is 216.2p (215.8p). Retained balance came through at £167,643, against £140,287.

**BET Omnibus improves at midway**

Taxable profits of BET Omnibus Services rose from £4.17m to £4.69m in the six months to September 30, 1979, after higher interest charges of £1.33m against £810,000.

Turnover went ahead from £19.25m to £24.82m, and there is an increased tax charge of £2.36m (£1.59m).

The company, which is engaged in plant hire, transport, open cast mining and engineering, is 99.27 per cent owned by British Electric Traction.

**Sidney Banks faces keen competition**

Although difficult to produce results equal to the record £711,000 of 1978-79 Lord Godber, chairman of Sidney C. Banks, the grain merchant and seed specialist, looks to the future with confidence.

He says that the results of the cereal harvest in the group's trading area show that yields will be below those of last year. The quality of grain is good as

مكتبة النور

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R. Sidaway (Chairman)

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- \* The profit cannot be regarded as unsatisfactory having regard to the difficulties we have suffered in common with many other companies in our industry.
- \* By improvisation and the full co-operation of our workforce we have been able to recover part of the losses caused by the motor industry and road haulage strikes but of course our results would have been much better without this dislocation.
- \* Your directors are increasing the dividend for the year by over 29% and hope that our future results will enable us to continue a progressive dividend policy.
- \* I believe that under the present Government sanity will ultimately prevail throughout industry and your company will be able to return to the growth pattern it has enjoyed until so recently. We are ready with up-to-date plant and buildings, increased capacity and a skilled and co-operative workforce to make the improved profits which I know our efforts deserve.

Year ended 30th June	1979	1978
Turnover	£75,086	£67,696
Profit before Taxation	4,710	5,109
Profit after Taxation	3,109	2,972
Earnings per Ordinary Share	24.16p	23.46p
Dividend per Ordinary Share	7.00p	5.4125p
Net Assets per Ordinary Share	232p	215p

Steel Re-Rollers and Stockholders, Steel Tube Manufacturers and Engineers. **WILLENHALL - WEST MIDLANDS**

**Staffordshire Potteries (Holdings) Limited**

**Dividends up 58%**  
Year to 30 June 1979

- Turnover up 12% to £12,091,000
- Exports up 27% to £3,660,000
- Pre-tax profits up 2% to £1,239,000
- Dividends up 58% to 5p per share.
- Current position:

Total external sales for the first four months of the current financial year have increased by 12%, compared with sales during the same period in 1978.

Demand, however, reflects the recessionary conditions prevailing in world markets resulting in inevitable pressure on margins.

Full advantage is being taken of new marketing opportunities following the company's recent acquisitions.

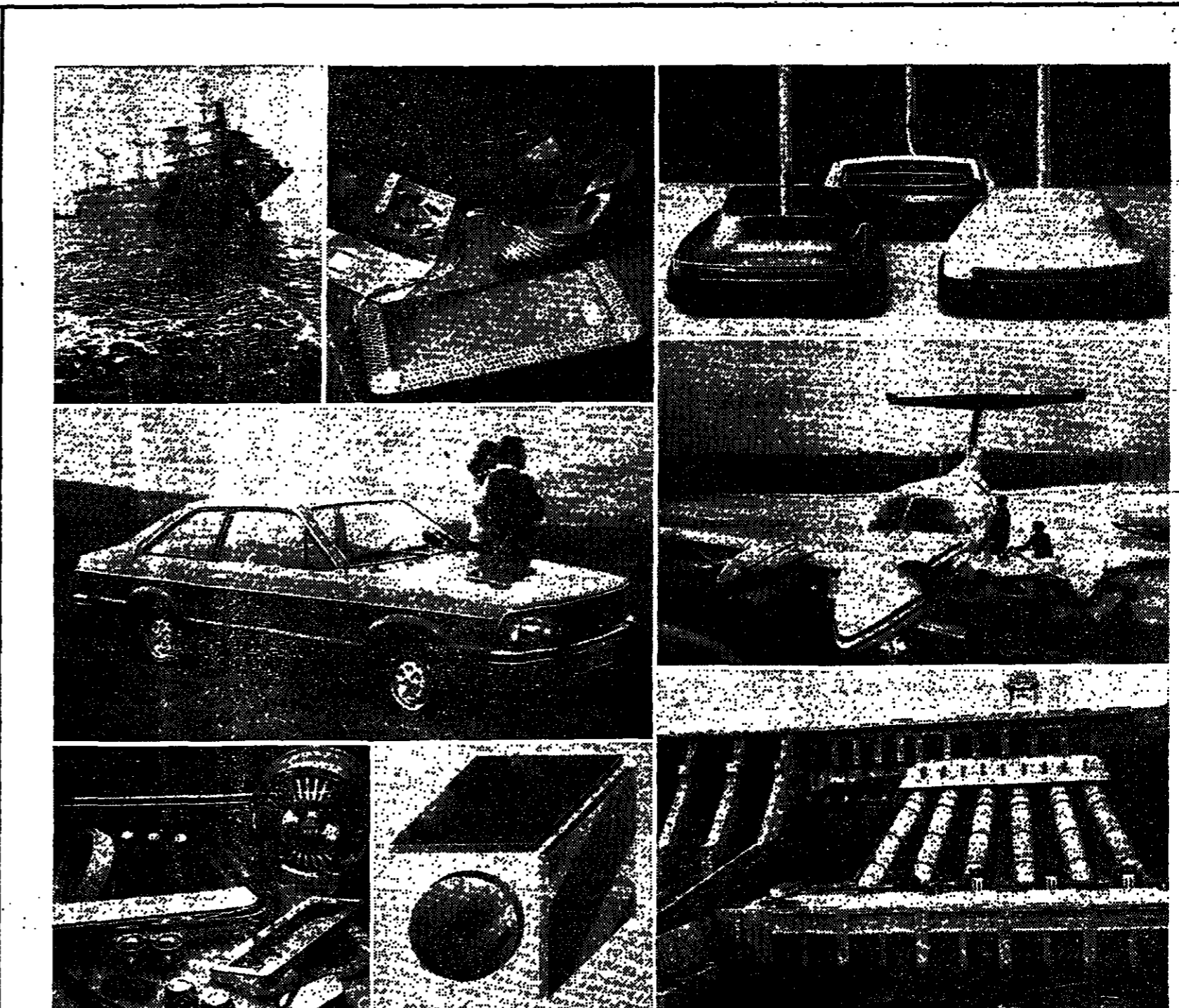
**Kiln Craft Tableware**

**Turnover £000**

**Exports £000**

**Pre-tax profits £000**

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Companies and Markets CURRENCIES, MONEY and GOLD

Sterling firm

STERLING WAS firm in quiet foreign exchange trading yesterday, but rates for forward delivery were sharply weaker in expectation of a rise in Bank of England Minimum Lending rate. The upward trend in London interest rates helped spot sterling to improve however, with the pound gaining ground against the dollar and European currencies.

THE DOLLAR SPOT AND FORWARD

Table with columns: Nov. 6, Day's spread, Close, One month, % Three months. Includes rows for UK, Ireland, Canada, US, etc.

THE POUND SPOT AND FORWARD

Table with columns: Nov. 6, Day's spread, Close, One month, % Three months. Includes rows for US, Canada, etc.

CURRENCY RATES

Table with columns: Nov. 6, Bank rate, Special Drawing Rights, European Currency Unit, etc.

OTHER MARKETS

Table with columns: Nov. 6, Argentina Peso, Australian Dollar, Brazil Cruzeiro, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency amount, % change from central rates, % change adjusted for divergence, Divergence limit %.

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Table with columns: Nov. 6, Pound Sterling, U.S. Dollar, Deutschmark, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Nov. 6, Sterling, U.S. Dollar, Canadian Dollar, etc.

INTERNATIONAL MONEY MARKET

Belgian rates up

Interest rates were mostly firmer in Belgium yesterday with the Belgian National Bank increasing the three-month Treasury bill rate and four month bond paper to 14.2 per cent.

GOLD Further rise

Gold rose \$3 to close at \$383.35 in quiet trading. The threat to world oil supplies caused by the situation in Iran encouraged the firmer trend, despite the continued firmness of the dollar.

UK MONEY MARKET Firmer rates

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Worse than expected banking figures pushed interest rates sharply down yesterday, with most periods showing very wide spreads in view of the current uncertainty.

LONDON MONEY RATES

Table with columns: Nov. 6, Sterling, Local Authority deposits, Finance houses deposits, etc.

Local authority and finance houses seven days notice, others seven days fixed. \*Long-term local authority securities rates in table are buying rates for prime paper.

AFINANCIALTIMES SURVEY

FRANCHISING

NOVEMBER 28, 1979

The Financial Times is proposing to publish a Survey on Franchising. The provisional editorial synopsis is set out below:

INTRODUCTION A look at how the franchising system works and why it is one of the fastest-growing sections of the retail industry. The prospects for the industry in the 1980s.

WHY BECOME A FRANCHISEE? What are the personal attractions of franchising? A detailed look at the financial and business aspects for the franchisee.

FIRST-GENERATION FRANCHISES 85,000 "first-generation" franchise operations are at present being run in the United Kingdom, a look at how these have grown and their future developments in the 1980s.

SECOND-GENERATION FRANCHISES. The newer franchise operations—such as fast foods or cleaning services—and how they work.

FRANCHISING SECTORS IN DETAIL A more detailed look at the companies and opportunities in franchising:

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The January 1980 issue of THE BANKER

will include

'THE PROSPECTS FOR THE EUROMARKETS IN 1980'

- ★ How will the Euromarkets settle down after the upheavals of 77.
★ How to make rescheduling more efficient.
★ The British banks in the Euro-Currencies, Credits & Bond markets after UK exchange controls abolition.
★ The rapid growth of the Euro-DM markets.
★ The American banks abroad.
★ Who are the leading banks in the Euro-Currencies, Credits & Bond markets.

For full information about advertising and the details of the editorial content, contact Robert Piper or Christina Yeo at:

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BASE LENDING RATES

Table with columns for bank names and their respective base lending rates. Includes entries for A.B.N. Bank, Allied Irish Bank, Amro Bank, American Express Bk, etc.

Bangkok feels Mr. Volcker's rigour

BY PHILIP BOWRING

THE RIPPLE effect of record U.S. interest rates has been quick to arrive in other parts of the world—not least in Thailand. Bangkok's distance from New York does not necessarily make the waves any smaller. Indeed, Mr. Paul Volcker, the chairman of the U.S. Federal Reserve, may have triggered off a credit crunch in Thailand before one hits the U.S. itself.

A squeeze could send the nervous stockmarket, which has already fallen by a third since its all time peak at the end of last year, crashing again. Several finance companies which are believed already shaky—a leading one, Raja Finance, collapsed earlier this year—would also be endangered. A squeeze could also severely curtail domestic investment at a time when confidence has been holding up remarkably well in the face of the war on Thailand's eastern border.

Modest

Officials of the Bank of Thailand, the central bank, are working hard on means to alleviate the situation. Billions of Baht have been pumped into the system in the past few weeks to offset severe contractionary influences on money supply. However, both institutional restraints and lingering worries about inflation limit such intervention.

Thailand's financial system badly needs an injection of dollars to fund both a continuing deficit in its current account, and a big exodus of short-term foreign funds which

has followed the U.S. rate hikes. There is a growing possibility that the Government, traditionally a very modest borrower on international commercial markets, may raise a large foreign loan both to help the balance of payments and to give it more room to manoeuvre in handling domestic liquidity problems.

Meanwhile the Government must face up to the issue which has made high U.S. interest rates from being a modest inconvenience to a major problem for Thailand. That is a long standing anti-usury law which prohibits the charging of interest above 15 per cent per annum.

Banks are now repaying or not renewing dollar borrowings because the cost of them now exceeds what can legally be charged. In addition to rates on new money of more than 15 per cent, banks, unless they can match forward positions internally, must pay around 1.5 per cent for forward cover against movements in the Baht/dollar rate.

Foreign banks and finance companies which are particularly reliant on the offshore market will soon be very badly squeezed as older borrowings mature. But even the big local banks, cushioned by the generous spreads between Baht deposit rates (a maximum 9 per cent) and lending rates are beginning to hurt.

Foreign banks and finance companies get some funds from the Baht interbank market but this is thin, already rates are up to 15 per cent. Finance companies can bid what they like

for funds and are attracting some big depositors with rates of 12-13 per cent or more. But there is very limited supply of such money. Meanwhile the squeeze is being further exacerbated as some prime companies are repaying direct dollar borrowings and taking cheaper Baht instead thus making it all the more difficult for non-prime names to get Baht at all.

No figures are yet available so it is difficult to tell the extent of dollar repayments, but the situation is likely to get worse before it gets better. In May, the Government, in order to step up capital inflow, granted a temporary waiver on the 10 per cent Withholding Tax normally charged on interest paid offshore. The waiver has been extended but next month will see the maturing of such six-month borrowing made when the tax was first lifted and in the new conditions much may not be rolled over.

New avenues

In the first six months of this year offshore interbank liabilities of commercial banks in Thailand rose by some 40 per cent to 34bn Baht, representing a short-term capital inflow during the period of \$500m (excluding finance companies for which figures are not available). The gross figure for offshore liabilities is believed to have peaked at over 40bn Baht (\$2bn) in September. How much has been repaid is not publicly known, but sources told the Financial Times that one

indicator was that commercial bank borrowings from the Bank of Thailand had risen 50 per cent to 15bn Baht in a matter of weeks.

There is a limit to the central bank's ability to provide credit through this loan window. Loans must be backed by Government securities. But because reserve ratios for banks are a low 7 per cent their holdings of securities are quite small. New avenues may be needed, in addition to a recently started repurchase market for Government securities. But even with improved mechanisms, the Government would be in a bind. It cannot afford to make the Baht too available without encouraging further dollar repayments which would drain foreign exchange reserves.

It remains to be seen whether the Government has the courage to tackle the interest ceiling and usury law problem. This is a particularly sensitive issue because of the recent big oil induced utility and other price rises that General Kriangsak Chomanan's none too sturdy Government has had to allow.

Banks in Thailand are widely regarded as being too big, powerful and profitable already. But the fact is that the main sufferers from the present situation are small businessmen who either cannot get credit at all, or must make under-the-counter payments to avoid the interest ceiling, or must rely on the unofficial "kerbside" money market where rates are now over 30 per cent.

Lifting the ceiling would contribute to plugging the 24bn

restore approximate equilibrium with rates on the dollar, the currency to which the Baht has been effectively pegged for the past 25 years. Higher cost credit would be a restraining factor on business, especially construction, but because returns on investment in Thailand are high the impact is unlikely to be as great as in more developed nations.

Ending the ceiling would also permit a rise in deposit rates. As a result of low rates, inflationary expectations and the trade deficit, bank deposits rose only 4 per cent in the first half of the year. But advances increased 13 per cent as business expansion continued and companies needed more working capital to meet higher prices.

Fast lending and slow deposit growth exacerbate a trend of declining liquidity which has been in progress for more than two years. The banks' loan to deposit ratio, which was 90 per cent in early 1977, reached 95 per cent a year later, 100 per cent by the beginning of this year, 106 per cent by June and is now understood to be about 117 per cent.

Tighter money was in part a deliberate Government policy to restrain inflation and reduce the balance of trade deficit which had begun to reach a troubling size. But it did not discourage overseas borrowing by banks which offset slow local deposit growth and the current account deficit. In 1978 overseas liabilities of banks rose by 10bn Baht making a major con-

tribution to plugging the 24bn Baht current account deficit. This year's current deficit is likely to be of similar size with the impact of the oil price rise being largely offset by better than expected prices for Thailand's agricultural exports.

Encouragement

The Government had been looking to the banks for a repeat rise in their foreign borrowing. Following the lifting of interest withholding tax, the top five commercial banks all made floating rate note issues on the Euro-market with official encouragement.

But until the interest rate problem is resolved, foreign funding will diminish rather than increase. The cost of forward cover precludes borrowing cheaper currencies like Deutsche-marks unless a way can be found of passing on the exchange risk to the borrower.

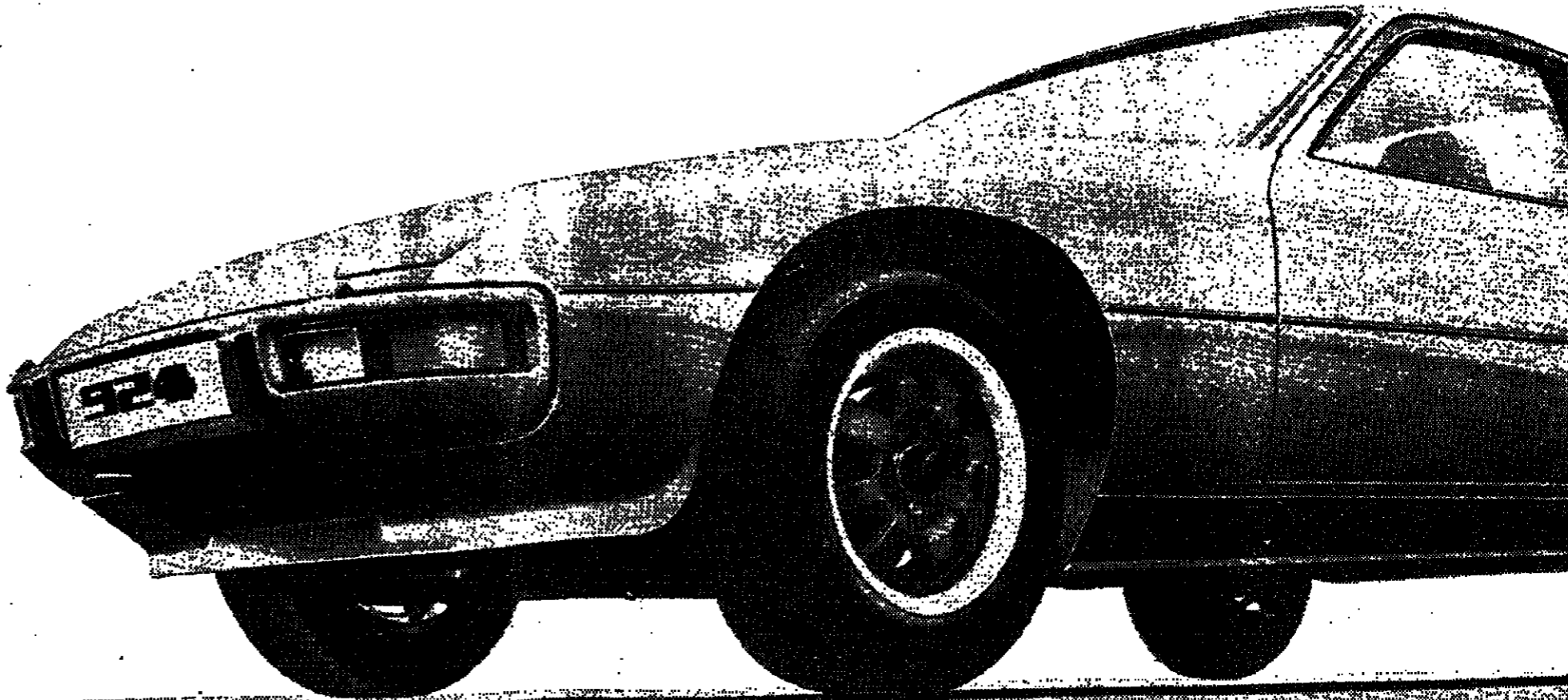
That again points to the possibility that the Government itself may have to play a larger role in lining up the international borrowings Thailand needs.

Overall, Thailand's present financial problems are more technical than fundamental. Many developed as well as developing nations would envy its low debt service ratio, the buoyant prices for its food commodities and the good name that years of innate conservatism have given to its government and banks. Mr. Volcker's measures are triggering more serious strains than the Thai financial system has known in years.

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\*Autocar 5th May 1979. 100E test. Simulated urban driving 22.8mpg. Constant speed 56mpg 42.8mpg. Constant speed 75mpg 34.8mpg. Metric equivalent: Simulated urban driving 124L/100km. Constant speed 80km/h 65L/100km. Constant speed 120km/h 8.3L/100km.



# COULD YOUR BANK MANAGER HELP YOU HAND OVER YOUR BUSINESS WITHOUT MOST OF IT GOING TO THE TAX MAN?

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you should. Because you can expect the unexpected from the Midland. You see, your Midland manager has at his disposal a wide range of specialist advisers and services who can, between them, help to answer all sorts of business needs.

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Financial Times sidebar content including headlines like 'Curtiss in Kenn...', 'THOMSON', 'Minister', and a table of exchange rates.



NORTH AMERICAN NEWS

Curtiss-Wright lifts stake in Kennecott Copper

BY STEWART FLEMING IN NEW YORK

CURTISS-WRIGHT, the diversified manufacturer of aerospace and heavy process plant equipment, has lifted its stake in Kennecott Copper, the largest U.S. copper company, to 13.5 per cent.

Kennecott's earnings "The move could have a significant impact on Curtiss-Wright, for Kennecott has recently announced an improvement in profits. In the third quarter, Kennecott reported net income of \$3.4m compared with a loss of \$8.9m a year ago.

CANADIAN NEWS

Thomson Newspapers ahead

BY ROBERT GIBBENS IN MONTREAL

THOMSON NEWSPAPERS, the North American newspaper group of the Thomson interests, earned C\$42.9m (U.S.\$46.17m) or 38 cents a share in the first nine months against C\$39m or 33 cents a share in the corresponding period of 1978.

continue favourably for the rest of 1979. So far this year the company has bought three daily newspapers in Iowa, Kansas and California.

Minister proposes third airline

BY VICTOR MACKIE IN OTTAWA

AIR CANADA and CP Air should consider establishing a third jointly-owned airline to handle international traffic, Mr. Don Mazankowski, the Canadian Transport Minister, said on Monday in an address to the Air Transport Association of Canada.

as it is now doing with some other crown corporations. However, he said, individual Canadians might be permitted to buy shares in Air Canada.

Record profits at Lincoln National

By Our Financial Staff

RECORD EARNINGS for the third quarter of the year are reported by Lincoln National Corporation, the insurance holding company. Higher life-health insurance profits have more than offset a decline in the property casualty sector.

Foreign car sales jump as U.S. leaders struggle

BY IAN HARGREAVES IN NEW YORK

CAR IMPORTERS to the U.S. substantially increased their sales and market share last month at a time when the big domestic manufacturers saw their sales plummet.

The U.S. market last month compared with 12 per cent a year ago. General Motors' share is down from 51.1 per cent to 48.2 per cent and Chrysler's from 10.4 per cent to 7.3 per cent.

Steady growth at Emerson Electric

By Our Financial Staff

EMERSON ELECTRIC, the St. Louis-based manufacturer of electrical and electronic products, has maintained its steady growth rate.

Strong rise in Boeing earnings

BY OUR NEW YORK STAFF

BOEING, the world's largest producer of civil aircraft, is continuing its spectacular upward trend in earnings, which was virtually solid through 1981.

share to \$360.5m or \$5.63 a share. Sales increased \$2bn to \$5.8bn and Boeing is now forecasting \$8.2bn for the year.

EUROBONDS

EIB issue is well received

By Francis Ghiles

THE DM100m eurobond issue launched for the European Investment Bank was priced at par yesterday. Other indicated terms, which include a coupon of 8 1/2 per cent and a maturity of 10 years, were unchanged by the lead manager, BHF Bank.

Pre-market trading prices in London and West Germany suggested the issue was well received. Demand was said to be good and a price of 99 1/4-100 1/4 was quoted.

Meanwhile, Deutsche Bank cancelled the DM100m issue it planned for an Asian borrower. It would appear that the 8 1/2 per cent yield on the EIB issue, the latest DM bond available to investors, is higher than some West German banks are prepared to grant.

The foreign Deutsche-Mark bond sector was easier yesterday with prices falling by about 1/4 of a point, but trading volume remains thin.

Swiss franc-denominated bonds continue to fall. Prices have dropped about two points this week and Swiss bankers see no end to selling pressure.

Two issues have just been completed, a SwFr 20m 5 1/2-year convertible for Misawa Homes, with a coupon of 5 1/2 per cent, through Credit Suisse, and a SwFr 20m five-year private placement of straight bonds for Osawa Shokan through Union Bank of Switzerland. This carries a 4 1/2 per cent coupon.

A SwFr 70m five-year convertible for Konishiroku Photo Industry is being arranged by Swiss Bank Corporation with an indicated coupon of 4 1/2 per cent.

Straight dollar-denominated bonds were a fraction easier in quiet trading, but dealers reported more activity in the floating rate sector. The \$27m FRN for the Co-operative Bank, which traded for the first time yesterday, was quoted at 98 1/2 by the lead manager, London and Continental Bankers. Elsewhere it was quoted at 97-98 1/2.

GK Technologies plans closures

BY OUR FINANCIAL STAFF

GK TECHNOLOGIES, the U.S. wire and cable producer, announced yesterday that its General Cable division is to close three plants, resulting in a charge of \$10m against fourth quarter earnings.

factory, for \$29m last year, said that the cost of the closure would be partially offset by a gain of \$4.3m from the sale of General Cable's metal textile operations.

Mr. Robert P. Jensen, chairman and chief executive, stated that the plants did not justify the required investment in working capital. "Nor does the outlook warrant the major capital expenditures that would be required to make them competitive," he said.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Day, Week, Yield. Lists various international bonds like Alex-Howard, Australian, Avco, etc.

Table with columns: DEUTSCHE MARK, Issued, Bid, Offer, Day, Week, Yield. Lists various international bonds like Argentina, Aulian, Banco, etc.

Table with columns: SWISS FRANC, Issued, Bid, Offer, Day, Week, Yield. Lists various international bonds like Argentina, Aulian, Banco, etc.

Santa Fe to buy C.F. Braun for \$296m

By David Lascelles in New York

SANTA FE International, the California contract drilling and oil exploration group, is buying C. F. Braun, the chemical and energy plant construction company, for \$296m.

Columbia share deal in doubt

LOS ANGELES — Mr. Kirk Kirk Kerkorian, largest single shareholder in Columbia Pictures Industries, said yesterday that he had reached an understanding on Friday to sell his 2.43m shares of Columbia stock for \$50 a share, but the potential buyer may have changed his mind over the weekend.

Mr. Kerkorian, who also owns 48 per cent of Metro-Goldwyn-Mayer's outstanding common stock, said: "I reached what I believed was an understanding with Jerry Perenchio of Tandem Productions (a private Los Angeles concern) concerning the sale of my 2.43m shares of Columbia. But Perenchio seemed to have changed his mind."

Schlesinger joins Lehman

NEW YORK — Lehman Brothers Kuhn Loeb has announced that Mr. James R. Schlesinger, the former U.S. Secretary of Energy, is joining the company as a senior adviser.

Mr. Peter G. Peterson, the chairman, said the company will serve as Mr. Schlesinger's business base. At the same time he will continue his association with Georgetown University as a senior fellow at the Center for Strategic International Studies as well as other activities in the public policy area. Mr. Schlesinger will be headquartered in the Lehman Brothers Kuhn Loeb office in New York.

Tiger deal completed

Tiger International has completed its acquisition of 15 per cent of Hall's Motor Transit at an average price of \$20.82 per share, reports AP-DJ from Los Angeles.

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In the U.S., Latin America and the Pacific, it's National Car Rental.



INTL. COMPANIES and FINANCE

Nissan boosted by better than expected exports

BY RICHARD C. HANSON IN TOKYO

NISSAN MOTOR, the manufacturer of Datsun cars, has reported record net profit and sales for the first half of the fiscal year...

Japanese shipbuilders suffer setbacks

By Yoko Shibata in Tokyo

TWO LEADING Japanese shipbuilders, Kawasaki Heavy Industries (KHI) and Mitsui Engineering and Shipbuilding, have reported sizeable setbacks in earnings for the first half of the fiscal year...

Sharply rising costs hit JAL

BY OUR TOKYO CORRESPONDENT

JAPAN AIR LINES, Japan's largest Government-owned national carrier, had a major setback in earnings during the six-month period ended September 30...

On the domestic side, which accounted for slightly more than one-third of revenues, operations were hampered by the grounding for 37 days of JAL's fleet of DC-10s...

Reserve Bank planned irregular take-over—Supreme Court told

BY JAMES FORTH IN SYDNEY

THE RESERVE BANK, Australia's central bank, threatened to take over control of the Bank of Adelaide last May without sitting to comply with "technicalities" under the Banking Act...

Arthur said. He said that on May 10 the governor repeated his threat and said he intended to enter on the following Monday, May 14. Asked whether he took any steps to counter this threat...

KWV in liquor reorganisation

BY JIM JONES IN JOHANNESBURG

Coöperatieve Wijnbouwers Vereniging (KWV), the organisation which represents almost all of South Africa's 6,000 independent wine farmers, announced yesterday that it was involved in the planned reorganisation of South Africa's liquor industry...

Arthur said. He said that on May 10 the governor repeated his threat and said he intended to enter on the following Monday, May 14. Asked whether he took any steps to counter this threat...

Exchange loss cuts profit at Qantas

By Our Sydney Correspondent

AUSTRALIA'S international airline, Qantas was hit by heavy foreign exchange losses in 1979. The group earned A\$22.7m (US\$25m) from its airline and hotel operations...

Nampak ahead midway

BY OUR JOHANNESBURG CORRESPONDENT

NAMPAK, the 55 per cent-owned holding company for Barlow Rand's packaging interests, has performed better in the financial year to September 30 than the management expected at the half-way stage...

BRAZILIAN INVESTMENTS S.A.

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Table listing various international banks and financial institutions including Allgemeine Bank Nederland N.V., American Express Bank, A.E. Jones & Co., etc.

Advance by Casio Computer

By Our Tokyo Correspondent

CASIO COMPUTER, one of the leading makers of electronic calculators, raised its net profit by 23.5 per cent to ¥1,680 million in the half-year ended September 30...

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November 7, 1979

ADVERTISING ANNOUNCEMENT

Message from Mr. C. P. Srivastava, Secretary-General of the Inter-Governmental Maritime Consultative Organisation.



Not very long ago the largest ships in the world were almost all passenger liners. Today the new giants of the oceans are the oil tankers.

INTERTANKO supports IMCO in improving safety at sea

tankers in the trade and development of the world. Additionally the increase in the size of tankers and in the frequency of tanker movements on the crowded sea routes of the world have inevitably and justifiably focused global attention on the need for renewed efforts to prevent and control marine pollution from the transportation of oil by sea.

bodies and agencies which have an interest in its work or are capable of contributing to the success of its endeavours. A very large proportion of the oil tankers plying the seas now are owned by independent companies, most of which are members of INTERTANKO.

ing the safety of tankers and the prevention of marine pollution from ships, standards and regulations relating inter alia to the design, construction, equipment and operation of tankers and to the training of the persons engaged on such tankers.

"INTERTANKO - Nine Years of Achievement"

The 300 independent tanker owners from 23 maritime countries represented in INTERTANKO are greatly pleased with IMCO's decision to grant their Association consultative status.

services for the movement of crude oil, products, and gas for many years. They have traditionally provided a major portion of the total tonnage required to link the oil and gas producing areas with the consuming areas, and thereby greatly assisted in the development and deployment of those energy resources.



Sir Yue-Kong Pao C.B.E., LL.D., J.P. Chairman INTERTANKO and Chairman and Chief Executive World-Wide Shipping Group.

INTERTANKO is however not a cartel and does not, nor indeed can it dictate the commercial decisions of the individual member companies or the overall market situation.

members to act competitively, and of having free access to the markets and to all cargoes is of great concern to INTERTANKO, and presently one of its major tasks.

The very unfortunate tanker accidents of recent years, together with the formidable size and complexity of modern tankers and the larger number of tanker movements have naturally drawn wider attention to our industry and its constituent members, and have produced more serious public concern with safety and the protection of the maritime environment.

be a useful but an essential ingredient of the world economy also in future, and that despite market fluctuations and the occasional adverse publicity our industry receives, the value of the transportation service available to all nations through the generally well-managed and highly flexible independent tanker tonnage has been proven.

"INTERTANKO and Relationships with Governments"

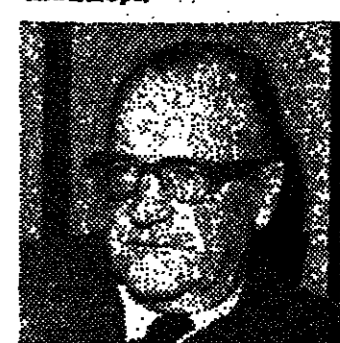
State interference in shipping is increasing from year to year and free enterprise in shipping is severely endangered. We must, of course, admit that a "freedom of the seas" has perhaps always been subject to links between the shipping business and government activities.

On the national level more and more countries have tried, and are still trying, to develop a merchant marine of their own with the consequence of protecting their national flag.

Unilateral action is often selfishly motivated and main considerations are often based upon the well-being of one sector only. It is a task for INTERTANKO, as the mouthpiece of the privately owned international tanker industry, to make clear to governments' and intergovernmental agencies, the benefits of a free tanker trade.

Developing countries claim their right to participate in shipping and this end shall be obtained by international legislation. However, legislation and/or capital are not sufficient to secure a profitable share of the shipping market.

In the 1970's the growth of the fleet in prominent developing countries has been higher than the corresponding increase in the fleets of traditional maritime countries.



Dr. Rolf Stoetter Vice-Chairman INTERTANKO - Partner John T. Essberger.

In the present shipping crisis it is a very important task for INTERTANKO to inspire governments to adopt policies which do not prolong the crisis. INTERTANKO has persistently referred to the dangers of subsidising shipbuilding and thereby constructing tonnage for which there is no commercial demand.

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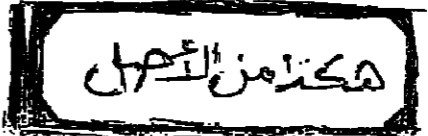
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ADVERTISING ANNOUNCEMENT

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For carrying out voyage repairs day and night, also during weekends in the port of ... Rotterdam, including the Botlek and Europort region: Wildock Service, Rotterdam. Tel. 010-161952

The value of the oil on board the vessels has increased by more than 200 million dollars since it was loaded last autumn.

A particular project on which INTERTANKO is working together with the Kuwait government, involves the use of tankers for carriage of fresh water as ballast on board on their return trips to loading areas. The Agricultural University in Norway has conducted research on the irrigation of vegetables with fresh water contaminated with crude oil. The results are promising and further work will be done to look into the possibilities of providing irrigation water in desert regions. INTERTANKO is now communicating with research institutions in Kuwait, in the United Emirates, Saudi Arabia and Libya.

We already have a useful exchange of information with the Secretariat of the Organization for Economic Co-operation and Development (OECD). Our newly obtained consultative status with IMCO is a further sign of the improved relationship between INTERTANKO and governmental bodies.

"Tanker Industry Vital for Energy Supply"

As we enter the 1980's more interest is being focused on the subject of energy than on any other determinant of our future. The energy crisis of the 1970's have highlighted the precarious position of development efforts in most countries and also illustrated the difficult tasks ahead for planners and entrepreneurs in adjusting to a future of energy constraints. Such difficulties are obviously at hand for those who are involved in the shipping industry or for those who attempt to regulate it wisely.

A great number of alternative energy scenarios are available but it appears to be beyond doubt that the adjustment of the current energy consumption pattern will be a slow and painstaking one. In 1978 about half of the world's energy needs were met by oil. Gas and coal accounted each for about one-fifth of the total energy consumption. The remaining part being covered by hydro-electric power and nuclear power.



S.H. Salen Vice-Chairman of INTERTANKO and Chairman, Salenrederierna.

The efforts to avoid an oil crisis are following different paths: conservation, to reduce the growth of energy consumption. Diversification, to make possible the use of other actually available energy sources such as coal instead of oil. Innovation, which would introduce entirely new sources of energy into a supply pattern of energy-dependent economies. All these approaches have their limits. Conservation, as long as it does not mean outright rationing, must be propagated with assistance of the stick of prices and the carrot of incentives. Experience to date suggests that consumption patterns at least in the industrialised societies are very stable and can be shifted only by long-term effort. In the argument about substitution the potential of coal plays an important role. Not only is coal a very abundant resource but it also has the attraction of offering possibilities for large scale use that appear to be well within reach technically. Very large coal deposits are also available in close proximity to important consumption areas which would lessen transport costs and also reduce the political problems of energy supply. Nevertheless a massive shift from oil to coal burning will take a decade or two to complete in the industrialised societies.

Even longer time will be needed for efforts in the innovative field, i.e. the introduction of new alternative energy sources, to have effect. A number of important technological breakthroughs are necessary for most such energy sources to become viable alternatives to the major ones mentioned above. It is therefore unrealistic to assume any major impact from such efforts within this century, which is not the same as saying that such efforts should not be made.

This line of reasoning means that oil will remain the most important single source of energy, in all probability for most of the remainder of this century. At present inter-area oil movements cover about 25% of the total energy needs of the world (34% if the Eastern Bloc is excluded). It is therefore safe to say that the tanker industry will remain one of the arteries through which the world's need for energy is satisfied. This would appear even more likely, given the number of developing countries which are making headway along the path of development, increasing their need for energy dramatically in the process.

Tanker Safety

It is a truism that all responsible independent tanker owners are fully as concerned about safe tanker operation and the preservation of clean seas as anyone else. Recent serious casualties with resultant oil spills have understandably attracted much public interest and comment on tanker operation, but this must be set in the context of the huge number of tankers that carry enormous quantities of oil around the world every day without mishap and, therefore without attracting attention.

INTERTANKO took an early position of doing everything in its power to endorse the clean seas programme with the aim of minimising pollution of the seas in whatever way possible. We have campaigned hard for the increased provision of shore based oil sloop disposal facilities so that tankers, having completed the essential task of cleaning tanks, would have readily available means of disposing of the slops safely and without pollution implications. Sadly, although some progress has been made, the provision of such facilities is still very inadequate in many parts of the world.



D. Hall Vice-Chairman INTERTANKO and Director Peninsular & Oriental Steam Navigation Co.

We have pressed hard for the elimination of the sub-standard tankers and have fully supported the work of IMCO resulting in the changes in the Marpol 78 protocols. There is no doubt that the mandatory provision of inert gas systems, segregated ballast systems and crude oil washing facilities will greatly reduce the risks of marine pollution and lead to safer tanker operation. As is well known, these provisions cannot become effective until a sufficient number of Governments worldwide adopt them, and INTERTANKO is continually pressing for early implementation.

A further important factor in ensuring proper standards of tanker maintenance and upkeep is the Port State inspection process and here the United States has led the way in the increased stringency of its tanker inspections and the enlargement of its very professional Coastguard Inspectorate. INTERTANKO welcomes the US lead in this respect and supports an extension of this programme worldwide. But it must be remembered that in order to give the flexibility of service to consumers that is so desirable in our industry, such inspection procedures must conform to reasonably common standards, the Inspectorates must be manned with properly qualified people, and the rules must be fairly applied in a non-discriminatory way.

Fundamental to all of the above and to safety at sea in the broadest sense is the continued will on the part of all shipowners to increase operating standards with ever better trained and better qualified crews. Crew training and certification is a complex subject and again INTERTANKO is playing its full part in promoting this essential feature of safe operation.

It will never, of course, be possible to eliminate the occasional accident, whether it be caused by human error or equipment failure. We can only do all in our power to minimise these occurrences and to put this into context it is perhaps just worth remembering the words of the previous Chairman of INTERTANKO, Mr. Erling Naess, when he said that "The accidental spillage of 220,000 tons of oil from *Amoco Cadiz* is about one ten thousandth part of the annual volume of oil transported by sea."

Oil Transportation in Tankers

It is getting cheaper and cheaper. T.R. Rørdal General Manager, INTERTANKO

Except for electronic pocket calculators one is not used to anything getting cheaper nowadays. Inflation is a world-wide problem and the near future is not likely to bring any dramatic change to the picture. Hence one would not expect that one of the vital services to society is becoming steadily cheaper as time passes. The cost of seaborne oil transportation has, in fact, decreased over the last 25 years.

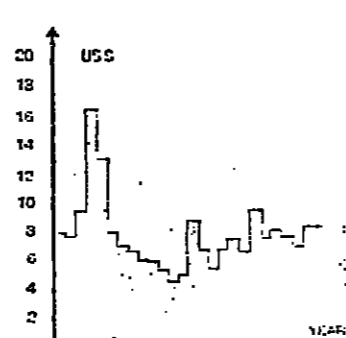
In nominal dollar terms the average freight per ton of oil carried from the Arabian Gulf to Western Europe was about the same in 1978 as it was back in 1954, i.e. approximately \$8.

Graph 1 shows the development in each year in the period 1954-1978. The freight costs have been converted from AFRA (Average Freight Rate Assessment) to USS. AFRA is the average of the commercial

charter rates being paid for crude oil tankers whether on long-term, short-term or single voyage fixtures. The AFRA rates, thus reflecting real transportation costs, are produced each month by an independent body, the London Tanker Brokers Panel. AFRA is used by governments as a component in price structures, and also by oil companies as the basis for intra-affiliate freight invoicing. AFRA rates are produced for several size categories, and as the bulk of the oil transported from the Middle East to Western Europe is in large tankers, the largest AFRA size is reflected in the graph.

GRAPH 1.

THE NOMINAL COST OF OIL TRANSPORTATION 1954-1978 in current USS (= ARABIAN GULF - ROTTERDAM) (1)



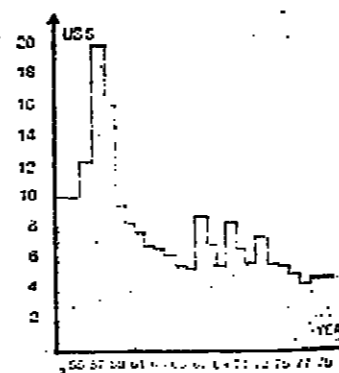
NOTE (1) Based on converted monthly AFRA 1954-1978. Conversion to USS via Statistics Scale I, II and III. Inclusive Worldwide based on information from Whitekettle, London, St. Paul and London originally in UK Pound. Conversion factor Pound to USS = 2.80 up to 18/11/67, after which 2.81 up to 18/11/67, thereafter the results have been quoted in USS. INTERTANKO Research Dept.

Nominal freight prices do not tell the full story. To get a more correct picture, we shall have to assess the cost of oil transportation in real prices, i.e. the influence of inflation must be eliminated. In Graph 2 the nominal price of oil transportation has been deflated by the US Consumers' price index. From this graph showing real prices, it can be observed that costs per ton were slightly in excess of \$10 in 1954, whereas freight costs today are about \$4 per ton. Other countries have had significantly higher inflation rates in the period and thus the

development in real terms could have been seen in an even more flattering light.

GRAPH 2.

THE REAL COST OF OIL TRANSPORTATION ARABIAN GULF - WESTERN EUROPE 1954-1978 in 1967 constant USS (Deflated by US Consumer Price Index) (2)



NOTE (2) Consumer Price Index: US Bureau of Labor Statistics.

By way of comparison, the price of crude oil is, for instance, about ten times as high today as in the mid 1950's. Although the price of oil transportation has been reduced by more than 50% in real terms, a critical voice would perhaps claim that tanker owners are reaping huge profits in the spot market, where a contract includes one voyage only. This market is catching the headlines in the media, and it is often characterised by feast or famine. Whereas some shipowners operating in the spot market made significant profits in a short-lived period in 1973, the subsequent famine has lasted for six years, and owners have, in fact, subsidised the transportation of oil. More importantly, the volatile spot market constitutes only a small proportion of the total oil market so that average freight costs are above all decided by rate levels in the time charter market. In 1973, about 10% of all oil was shipped in the spot section (at high rates), whereas the equivalent for 1978 was about 25% (at extremely low rates).

The fact remains that during a quarter of a century the tanker industry has been rendering a service of vital importance to society at ever decreasing prices. What is the explanation of this

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WORLD STOCK MARKETS

Companies and Markets

Easier early Wall St. on Iranian situation

STOCKS ON Wall Street were inclined to drift lower in further slow early trading yesterday as investors remained cautious in view of the threat of an Iranian oil cut-off which stemmed from the student occupation of the U.S. embassy in Tehran.

that Kuwait is also to increase prices added to inflation worries. Two food issues declined in heavy trading. Volume leader McDonald's lost 1/4 to 24 1/4 on turnover including 100,000 shares of 200,000 and 87,000 shares traded at \$40. Ponderosa System, in second place, shed 1/2 to \$12 1/2. A 100,000 share block was moved at \$12 1/2. Ponderosa said it will report lower fiscal third-quarter net earnings.

Marathon Manufacturing eased 1/4 to \$39. Penn Central voted to sue Reliance group if Reliance collects votes against Penn Central's takeover of Marathon. Reliance holds 7.9 per cent of Penn Central common and opposes the Marathon bid. Penn Central lost 1/4 to \$17 1/2.

Analysts commented that with New York banks closed for Election Day and the Iranian situation overhanging the market there was little demand for stocks. Investors also remain concerned about high interest rates, the impending recession and inflation. News that the British National Oil Corporation has raised crude prices and reports

more to \$57.64, while falls out of two-advanced issues by 1/2. Trading volume came to 166.08m shares, against Monday's 1 p.m. figure of 145.0m.

Parliament cast ballots to choose a new Prime Minister following the general elections last month. Masayoshi Ohira brushed aside a strong challenge from former Prime Minister Takeo Fukuda and retained his post at the helm of Government. Ohira's reelection put an end to about a month of confusion on the political scene here and eased the atmosphere of uncertainty that had gripped the Stock Exchange for some time.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like AMF, ARA, Abbott Labs, etc.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like Cooper Industries, Goodyear, etc.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like Humana, Hunt, etc.

with Yamaha Motor adding Y100 at Y1,110, Chiyoda Chemical Engineering Yatai at Y900 and Tokyo Sanyo Electric Y33 at Y619. However, Nissan Motor, despite reporting a record first-half profit, closed unchanged at Y655.

Among Trading Houses, Mitsubishi climbed Y50 to Y920, but Daiwa, reflecting the fresh Iranian political trouble, reacted Y14 to Y445.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like Outboard Marine, Owens Corning, etc.

Non-ferrous Metals, which gained ground in the morning following a rise in Oils, set off a selling lull with the Mining ending 1/8 down at Y319 and Nippon Light Metal Y7 at Y211.

Germany Most shares lost further ground in another small turnover as investors held back and interest rates remained at very high levels on the money and capital markets.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like Tonka, Trol, etc.

Declines led gains by 141 to 41, with Stores and Oils the worst-affected sector. Nobel Bezel, which forecast a return to profit this year, nevertheless fell FF 0.50 to FF 45.20.

Public Authority Loans were mostly unchanged, but there were a few losses extending to 50 pfennigs.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like AEG, Allianz, etc.

Paris A further weakening of share prices took place yesterday in continued light dealings, the Bourse Industriels index declining 0.11 to 171.00.

Amsterdam Shares were broadly lower, with the Industrials index closing 0.7 weaker at a new low for the year of 681.10.

Table with columns: Stock, Nov. 6, Nov. 5. Lists various stocks like AEG, Allianz, etc.

Hong Kong In further heavy trading, stocks relinquished part of Monday's sharp gains as profit-taking took its toll. The Hang Seng index, after advancing 29.30 the previous day to a new six-year high, receded 10.15 to 717.25.

Public Authority Loans were mostly unchanged, but there were a few losses extending to 50 pfennigs.

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LONDON STOCK EXCHANGE

Companies and Markets

Banking statistics cause late despondency in Gilt-edged and reverse good technical recovery in leading shares

Account Dealing Dates

First Declared Last Account Dealings Dates Day Oct. 22 Nov. 1 Nov. 12 Nov. 13 Nov. 15 Nov. 16 Nov. 20 Nov. 19 Nov. 29 Nov. 30 Dec. 10

Account Dealing Dates... A promising technical rally in leading equities was brought to an abrupt halt yesterday afternoon following announcement of mid-October banking statistics...

However, immediate reaction to banking figures worse than most pessimistic estimates was shock followed by a wave of selling of Government securities...

To allow trading with New York where EMI are listed, dealings in both companies were resumed at 3 pm and, in the absence of any official communique...

Banking below best... Dull lately on the increasing belief that base lending rates

will rise soon, the major clearing banks staged a useful technical rally at one stage and showed improvements of up to 12... However, publication of the latest leading figures prompted a swift reaction which left Barclays up 7 1/2...

Insurances reacted from a firm start to close at the day's lowest... However, immediate reaction to banking figures worse than most pessimistic estimates was shock followed by a wave of selling of Government securities...

News that underwriting is in progress for an issue of 31.1m shares in Thorn Electrical prior to a revised offer being made for EMI... caused a considerable amount of dissent and led to an unofficial halt of dealing in EMI and Thorn shares around 1 pm.

Dealings in Rosehaugh were resumed following the conclusion of the conditional contracts for the acquisition of the two companies...

at 110p. In Timbers, speculative counter Phoenix retreated 5 to 150p. Roberts Adlard held at 140p, helped by the higher interim profits, but William Leech, half-yearly results due tomorrow, eased 3 to 85p.

ICI became a volatile market late and reacted from 340p to 325p. Fisons 8ms and a penny cheaper on balance after the interim results. Discounts continued to mirror the weak gilt market...

Breweries and kindred issues recorded early gains on bearish closing but the rises were often reversed later. Bass finished a penny cheaper at 197p, after 200p. Mid-term profits from Williams closing 7 1/2 below at 205p...

Firmers at first on technical inducements, Buildings subsequently suffered a mark-down and ended with little change on balance...

Ferranti fell 10 to 375p and Kode a further 8 to 190p. Engineering leaders followed the general pattern, closing a little easier on balance after an early improvement...

ICI became a volatile market late and reacted from 340p to 325p. Fisons 8ms and a penny cheaper on balance after the interim results...

Food issues followed the general trend and finished lower steadily up to 230p before reacting with the general trend to close at 115p, up 3 on balance...

Interest in the electrical sector centred upon EMI and Thorn when it was announced just before 3 pm that the latter was formulating a revised offer for EMI...

unaltared at 157p, while Beecham were also unchanged at 124p, after 139p. Elsewhere, news of a new boardroom rift left Wilkinson Match 7 off at 147p...

Oil Exploration encountered profit-taking and eased 10 to 570p, but Lasso held at 305p. Trust were again marked lower in line with the general trend of the equity market...

Flight Refuelling at 170p, provided a rare upward movement in the Motor sector, recovering 15 of the previous day's fall of 23 which stemmed from nervous selling ahead of the interim results...

Modest gains in Properties were replaced by widespread and sometimes substantial falls as sentiment changed. M.E.P.C. finished 2 1/2 higher at 17p, after 16p, and Land Securities rose 5 down at 261p...

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FINANCIAL TIMES STOCK INDICES. Table with columns for Nov. 6, Nov. 7, Nov. 8, Nov. 9, Oct. 31, Oct. 30, and a Year Ago column. Rows include Government Securities, Fixed Interest, Industrial, Gold Mines, etc.

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Table of RISES AND FALLS YESTERDAY. Columns include British Funds, Foreign Bonds, etc. Rows include British Funds, Foreign Bonds, etc.

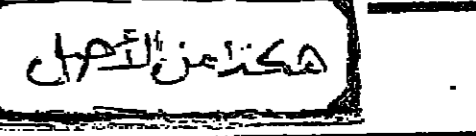
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HOTELS AND CATERERS

Table listing hotel and catering industry shares with columns for price, change, and dividend yield.

INDUSTRIALS (Misc)

Table listing miscellaneous industrial shares with columns for price, change, and dividend yield.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other consumer goods shares with columns for price, change, and dividend yield.

ENGINEERING TOOLS

Table listing engineering tool industry shares with columns for price, change, and dividend yield.

CHEMICALS, PLASTICS

Table listing chemical and plastic industry shares with columns for price, change, and dividend yield.

ENGINEERING

Table listing engineering industry shares with columns for price, change, and dividend yield.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other consumer goods shares with columns for price, change, and dividend yield.

ADVERTISING

Table listing advertising industry shares with columns for price, change, and dividend yield.

Main body of the share information service containing numerous columns of stock prices, changes, and dividend yields for various companies across different sectors.



